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SEAMEN'S PROVIDENT FUND ORGANIZATION, MUMBAI

MINUTES BOOK OF BOARD OF TRUSTEES MEETING

W.E.F. 115th BOT MEETING TO 121st BOT MEETING

List of Minutes from 115th to 121st Board of Trustees Meeting

Sr. No.	BoT Meeting	Date and Time of Meeting
1	115th BoT Meeting	23rd July, 2010 at 2.00 p.m.
2	116th BoT Meeting	7th September, 2010 at 11.30 a.m.
3	117th BoT Meeting	24th January, 2011 at 2.30 p.m.
4	3rd Special Meeting	11th March, 2011 at 2.00 p.m.
5	118th BoT Meeting	10th August, 2011 at 11.00 a.m.
6	119th BoT Meeting	31st January, 2012 at 12.00 p.m.
7	120th BoT Meeting	30th August, 2012 at 12.00 p.m.
8	121st BoT Meeting (Half)	1st March, 2013 at 3.00 p.m.

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SR No.	Meeting No.	Date	Secretary/Commissioner.	CHAIRMAN.	PAGE. No.	Remark.
1	115th	23-07-2010	Shri. S.M. Yadwadkar	Dr. S.B. Agnihotri	01 - 34	
2	116th	09-09-2010	-"-	-"-	35 - 64	
3	117th	24-01-2011	-"-	-"-	65 - 87	
4	3rd Spl. Meeting	11-03-2011	-"-	Tarun Kumar Tajoria IAS.	88 - 106	
5	118th	10-08-2011	-"-	Dr Satish. B. Agnihotri	107 - 129	DDG(CS) - were Present Ms. Mahua Sarkar,
6	119th	31-01-2012	Ms. Mahua Sarkar	-"-	131 - 155	
7	120th	30-08-2012	Ms.	-"- Shri. Deepak Shetty	156 - 186	D.G.S.N.P. Conference Room. 6th Flow
8	121st	01-03-2013	Ms. mahua Sarkar	Shri Gautam Chatterjee	187 - Contd. on next Regi.	

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MINUTES OF THE 115th MEETING OF THE BOARD OF TRUSTEES, SEAMEN'S PROVIDENT FUND ORGANISATION, MUMBAI HELD AT 2.00 PM ON FRIDAY THE 23RD JULY, 2010

The following were present:-

Dr. Satish B. Agnihotri	Chairman
Shri. C. Rethinadhas	Member
Capt. N.A. Hiranandani	Member
Capt. S.C. Sood	Member
Shri. Anil Baran Das	Member
Shri. Abdulgani Y. Serang	Member
Shri. Maruti D. Rethrekar	Member
Shri. S. Kannan	Member
Shri. S.M. Yadwadkar	Secretary.

Secretary welcomed the Hon'ble Chairman and respectable Trustees. All the Trustees also welcomed Chairman, on assuming the charge as Directorate General of Shipping and Ex-Officio Chairman of SPFO. Chairman also welcomed all the Hon'ble Trustees and expressed the desire to proceed further and decide the issues contained in the agenda with the help of experience and knowledge of Hon'ble Trustees. Chairman then requested Secretary to brief the Members on Agenda Items.

Thereafter Agenda Items were taken up for discussion.

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Agenda Item No. 1: Confirmation of the Minutes of the 114th Meeting and 2nd Special Meeting of the Board of Trustees, Seamen's Provident Fund, Organization held on 21/01/2010 and 12/03/2010 respectively.

The Corrections Suggested by Shri. S. Kannan in the minutes of 2nd Special Meeting held on 12/03/2010 were highlighted.

Secretary stated that the minutes have been amended as per the communication received from Hon'ble Trustee, Shri. S. Kannan on 13/04/2010 through E-mail.

The minutes of the 114th meeting held on 21/01/2010 were confirmed without any modification and the minutes of 2nd Special Meeting held on 12/03/2010 were confirmed subject to the corrections Suggested by Shri. S. kannan.

Agenda Item No 2: Action Taken Report.

The Action Taken Report was discussed item wise. The gist of the discussion is narrated against the items.

Sr. No. of Agenda Items of 114th Meeting of Board held on 21/01/2010.	Subject.	Reported Action Taken/ Further Development	Further Discussion
3.	Revised Estimate for year 2009-10 & Budget proposal for the year 2010.11.	By letter dated 05.07.2010 Ministry Conveyed approval to Budget Estimates 2010-11 Subject to 10% Cut in non-plan, non-Salary expenditure	It was directed to adhere to the austerity measures imposed by Government for reduction in non-plan, non-salary expenditure.
4.	Fixation of rate of interest for Credit to the member's accounts for the year 2010-11.	By letter dated 11.03.2010 Govt. approved provisional rate of interest @ 8.25% for the year 2010-2011.	It was informed that the proposal for Fixation of rate of interest for 2010-11 is included in the agenda and based on Board's decision in the matter, Government will be approached for declaration of final rate of interest for 2010-11.
5.	Release of 60% of Arrears on account of implementation of Sixth Pay Commission w.e.f. 01.01.2006.	2nd instalment of arrears was paid to the staff members 80% grant amounting to Rs. 40 lakhs has been received vide cheque No. 186739 dated 31.03.2010.	Hon'ble Trustees noted the position and thanked Government for the Budgetary Support extended by way of grant of Rs. 40 lakhs.

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6.	Appointment of Port Folio Manager for 3 years.	Letters have been issued to the 5 legal /financial consultants calling their quotations for the work. 3 consultants have responded. The matter has been placed before the Finance Sub-Committee in its 44th meeting.	Board desired to have a detailed discussion on this issue while dealing with agenda item No 7. and. 8.
7.	Extension of grace period for payment of provident fund contributions along with Administrative charges from 30 days to 45 days for the purpose of levy of damages --- proposal received from Maritime Association of Shipowners/ Shipmanagers & Agents (MASSA).	Board's decision conveyed to MASSA.	Capt. N. A. Hiranandani stated that he had conveyed the decision of the Board to the Members of MASSA. Capt. S.C. Sood also stated that he has also communicated the Board's decision to the members of FOSMA but there were strong reactions from members that their practical difficulties in

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			receiving the funds from their Foreign Principals for the purpose of depositing Provident Fund dues still persist and there is no solution to their problem.
8.	Appointment of Internal Auditor of SPFO for the financial year 2010-2011 & 2011-12.	Audit Committee decided criteria for selection of Internal Auditor which has been approved by Chairman, SPFO. Letter dated 06.07.2010 has been issued to 35 firms of Chartered Accountants calling the requisite information and the quotation for Internal Auditor's Job.	Secretary informed that 13 firms of Chartered Accountants have responded and among them, the fees quoted by M/S. Bathiboi & Purohit is the lowest. He further stated that the meeting of Audit Committee would be convened shortly for awarding the Internal Audit work Board authorized Audit Committee to proceed further in the matter and bring the item before Board for ex-post-facto sanction as

			the first quarter of the year 2010-11 is already over and Internal Auditors are to be appointed on priority basis to carry out concurrent audit.
9.	Filling up of vacancies in Gr. 'C' posts by appointment through Direct Recruitment.	2 Data Entry Operators have been engaged on contract basis W.e.f. 16.02.2010.	Board noted the position and directed to expedite the action for direct recruitment.
10.	Modification of existing modules (rate of interest) of Seamen's Provident Fund Accounting System.	M/s. SBN Technologics have been approached vide letter dated 05.02.2010 for modification in the program and work is under progress.	Secretary stated that as soon as the software is ready, about 340 cases settled between 01/04/2009 to 05/08/2009 would be re-opened and re-processed without calling any additional document from Seamen. Secretary also

			stated that these 340 cases were settled by applying the rate of interest @ 8% but the actual rate declared by Government for 2009-10 had been 8.5%. Chairman directed that the Seamen may be informed by way of foot note that if any mistake is suspected in interest calculation, suitable representation may be made to SPFO with specific observations within a reasonable time.
11.	Induction of e-banking in SPFO.	25 Nationalized Banks have been approached for obtaining quotations for e-banking services. Only 7 Banks had responded to our	Secretary stated that a pre-bid meeting of all nationalized bankers interested in providing E. Banking services would be held shortly so that the actual

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	letter and they have also not given details as per our requirements. The matter is being pursued.	requirements of SPFO are properly perceived by them and their quotes would factor the cost of all allied services expected and would be comparable in real sense.	
		Shri. S. Kannan Stated that Action Taken Report should include all Items of previous meetings where series of actions are expected but all actions are not yet complete and even where actions are in process should be reported upon so that Board is apprised about current Status.	

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			Chairman agreed to the views of Shri. S. Kannan and suggested that such Items where actions are not complete or where interim action has been taken and recurring actions are expected, should be highlighted and shown Separately. He further Stated that Action Taken Notes should form Action Taken report of next deliberations and all unfinished items should be carried forward/ repeated with the oldest Item at the top till all actions are complete.
12.	Actuarial Valuation of pension and gratuity for staff members - SPFO.	As the approval to Revised Estimate was not received before 31.03.2010, the fund could not transfer to Pension/	Capt. N. A. Hiranandani stated that Finance Sub Committee has already given direchions to Check up whether

		Gratuity Fund during the year 2009-2010.	Provident Fund of employees can be placed with Employees Provident Fund so that there is no drain on the current revenue or exchequer of SPFO if the rate of return on in-house management of funds is less than the rate of Interest on Provident Fund declared by Government. He also stated that the possibility of handing over Gratuity and Pension Fund to Life Insurance Corporation may be explored so that the funds are in safe hands and augmentation is also at a faster rate.

13.	Decision for investment of residual 5% in available avenues as per pattern of investment prescribed by Ministry of Finance.	As per Government pattern, residual 5% has been invested in money market instruments. i,e. In Certificate of Deposit.	Board noted the position.

Sr. No. of Agenda 2nd Special Meeting of Board of Trustees held on 12/08/2010.	Subject	Deliberations	Further Discussion.
1.	Changes suggested in SPF Act/Scheme on the basis of EPF Act/Scheme	A letter has been issued to members of the Committee proposing all the required amendments in Seamen's Provident Fund Scheme, 1966.	Secretary stated that the members of the Committee would meet on 02/08/2010 for a brain-storming discussion and recommendations.
2.	Norms/guidelines for utilization of	As suggested by the Board, the changes	Board noted the position.

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	monies in Forfeiture Account	have been made and the matter is being placed in ensuing Finance Sub-Committee meeting and in Board meeting.

Agenda Item No. 3 : Annual Accounts for the year 2009-10.

Secretary stated that the Ministry of Shipping, Department of Shipping directed to prepare accounts only in Common Format of Accounts and Finance wing of Ministry of Shipping and Chief Controller of Accounts, New Delhi also insisted on Common Format of Accounts for Central Autonomous organisations as per the Communication from Ministry of Finance, Department of Expenditure.

Secretary further stated that Common Format of Accounts envisages accrual/mercantile system of accounting but Provident Fund Contributions, damages and administrative charges have been accounted for on cash basis for the reasons explained in Notes on Accounts.

Secretary also highlighted that (i) Expenditure has been accounted for on accrual basis. (ii) Expenditure relating to previous year has been segregated from current year and shown separately. (iii) Income relating

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to previous year/s including interest has been segregated and shown separately. (iv) Interest income has been accounted on accrual basis and credited directly to earmarked funds. (v) Prepaid expenses has been identified and shown separately. (vi) No income is received in advance. (vii) Contigent liability of (Rs. 35 lakhs) towards rentals has been disclosed.

Secretary also furnished a comparative statement showing the results of 2008-09, provisions in Budget Estimates 2009-10, Revised Estimates 2009-10, Actuals 2009-10 as per Accrual Method and Cash Method and a Reconciliation Statement depicting surplus as per Cash Method and surplus as per Accrual Method (Annexure-A)

Secretary stated that the Accounts for 2009-10 have been prepared in the Conventional Format by adopting Accrual Method and then figures have been transformed in the Common Format of Accounts He further stated that since information in Common Format of Accounts is in condensed form, groupings have been done wherever required.

Secretary further stated that after adoption of Accounts by Board, the Final Accounts would printed only in Common Format of Accounts and the Notes on Accounts and other disclosures in Conventional Format shall also form a part thereof.

Shri. S. Kannan stated that these are the unaudited Accounts and without Audit comments no observations can be made about inherent defects,

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technical aspects and on principles adopted. He further expressed that after C & AG's audit, certain charges may be required and then only Accounts may reflect a true and fair position.

Shri. S. Kannan further stated that in Public Limited Companies, the Accounts adopted by Board of Directors are given for audit and based on audit observations, the necessary corrections are carried out and thereafter the amended Annual Accounts are adopted by Company in the Annual General Meeting.

Secretary stated that the Seamen's Provident Fund Scheme, 1966 does not depict such a Procedure and Clause 47 states that the Accounts of the Fund including 'the Administration Account' shall be maintained by the Commissioner in such form and manner as may be specified by the Board with the approval of the Government. He further stated that Clause 48 (1) stipulates that the accounts of the fund, including the Administration Account, shall be audited in accordance with the instructions issued by the Government in consultation with the Comptroller and Auditor General of India. He also stated that without formal adoption of Accounts by Board, Comptroller and Auditor General of India may not commence the audit. He further committed that the Audit report and Action Taken Notes thereon would be brought

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before Board at appropriate time before submission of Accounts to Government for laying before Both the Houses of Parliament in winter session.

After some discussion, unaudited Annual Accounts 2009-10 were provisionally adopted by Board for the purpose of onward transmission to C & AG for statutory audit.

Agenda Item No. 4.: Annud Report on working of Seamen's Provident Fund Scheme, 1966, for the year 2009-10

Secretary stated that Annual Report is more or less a replica of Annual Accounts with more statistical details. He further stated that as per Clause 64 of the Seamen's Provident Fund Scheme, 1966 the Board shall approve before the 15th October, and submit to the Government before the 30th November, each year a report on the working of the Seamen's Provident Fund Scheme during the previous financial year. He further stated that it has been all along the practice to obtain approval of Board to the Annual Report alongwith Annual Accounts.

Shri. S. Kannan invited the attention of the Members to Annexure-3 of the Annual Report where book value of investment is shown as Rs.743.95 Crore and the figures appearing in the Schedule 9 of Common Format of Accounts where the total book value of Investment is shown as Rs. 767.39 Crore.

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It was explained that only the investments of Provident Fund of seamen have been shown in the Annual Report where as the Schedule 9 of Common Format of Accounts contains investments of other funds also viz. Forfeiture Account, Staff Pension & Gratuity Fund, Staff General Provident Fund. A statement showing the compiled figures was also shown to Shri. Kannan.

After some discussion, Board accepted the Annual Report 2009-10 for onward submission to Government.

Agenda Item No. 5: Contributory Annuity Scheme for Seafarers.

Secretary stated that this item stands withdrawn as in 44th meeting of Finance Sub Committee held on 23/07/2010 at 10.30 AM, it has been decided to critically analyze the Pension Scheme word by word to ensure that it is foolproof and encompass all the related aspects so that there are no teething problems on its implementation.

Secretary also read out the minutes of the meeting of National Welfare Board held on 06/05/2010 in New Delhi where the mandate up to August end has been given to SPFO to send the proposal on Contributory Annuity to Ministry.

Secretary also stated Finance Sub

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Committee is also going meet in the 3rd week of the August, 2010 for finalizing this issue and it will be possible to include it in Agenda of the ensuing meeting of the Board which can be convened in the 1st week of September, 2010 as per the convenience of Chairman, SPFO.

Board noted the position.

Agenda Item No. 6: Norms/Guidelines for utilization of monies in Forfeiture Account.

Secretary stated that Ex-Chairperson had desired that a proper comparison be made with Member of Parliament Local Area Development (MPLAD) Scheme which is a good model and the Scheme for utilization of monies from Forfeiture Account be re-drafted on that basis. He further stated that in deference to the orders of the Board, the exercise has been carried out and he appreciated the efforts made by Capt. N. A. Hiranandani in drafting the terms and conditions of the Scheme and the theme given by him to release the grant as reimbursement instead of making any advance payment to avoid incidences of mis-utilization of grant-in-aid. Secretary also informed that Finance Sub Committee has made some observations and desired that the role of Finance Sub Committee to process and recommend the proposals be spelt out specifically and Role of Board may be elaborately

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defined so as include the grant of approval to the proposals recommended by Finance Sub Committee.

Shri Abdulgani Y. Serang stated that a magnanimous view can be taken for giving Grant-in-Aid for Creation of facilities for seafarers and officers provided there is no restriction on extending the facilities to ratings.

Chairman stated that the grant to be given to seafarers' clubs can be in the nature of gap funding and the clubs may adopt dual tariff system for providing facilities to ratings and officers because officers have higher capacity to spend as compared to ratings and there is nothing wrong in charging them at higher rate for same kind of facilities.

Chairman also stated that establishing clubs for seafarers has been included in the 'Plan Scheme' of Directorate General of Shipping and 'Small grant proposals' can be covered under the same.

Inviting the attention of Trustees, Chairman suggested that the amount of Rs. 2 crore accumulated in Forfeiture Account is not a large amount and some support is required to seaman for their health related issues which are major worries after attaining the age of 50 and

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hence part of the corpus can be utilized for medical facilities to Seaman suffering from abnormal diseases so that there is some comfort available to seafarers in distress. He further stated that the Scheme should be opened ended and cover serious ailments, disabilities, diseases like Cancer, Celebral hamaerrage etc. and financial help should be in the nature of reimbursement or direct payment to hospital authorities.

Capt. N. A. Hiranandani stated that there are several Trusts to provide necessary Medical Assistance up to Rs. 2 lakhs to Seaman, their wives and children and even domicile treatments are also extended by ITF-NUSI Trust.

Shri Abdulgani Y. Serang stated that during the period of April to June 2010, 248 cases were dealt by the said Trust and the total expenditure was Rs. 1.98 Crore. He therefore suggested the monies in Forfeiture Account to be utilized for some other noble cause.

Capt. S. C. Sood stated that there are good medical schemes for the crew members working on foreign vessels and even good Compensation is paid for disabilities resulting from accidents.

After some discussion, it was decided to restrict Financial Assistance from Forfeiture Account

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only to organizations which are exclusively engaged /devoted for Welfare of Seafarers and quantum of grant be decided in individual cases and to make small changes in the role of Finance Sub Committee and Board as per the suggestion made by Finance Sub Committee.

Agenda Item No. 7 and 8:

Extension of contract awarded to M/s. IDBI Capital Market Services Pvt. Ltd. till appointment of new Port Folio Manager.

and

Violation of Investment guidelines by Port-Folio Manager Investment made during the financial year 2009-10.

Chairman pointed out that Agenda Item Nos. 7 and 8 are a bit contradictory and need to be discussed in one go. He further pointed out that Agenda item no. 8 proposes black listing of M/s. IDBI Capital Market Services Pvt. Ltd. whereas Item No. 7 proposes an extension of 3 months to them till new Port Folio Manager is appointed.

Secretary stated that there is no one to look after the day to day investments if M/s IDBI Capital Market Services Pvt. Ltd. is sacked and hence, the proposal was formulated but admitted that there is apparent contradiction.

Secretary further stated that

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M/s. IDBI Capital Market Services Pvt. Ltd. have failed in performing their duties and that is why a proposal to black list with detailed history has been placed before the Board. Secretary further stated that the rates of return earned during the currency of the contract with M/s IDBI Capital Market Services Pvt. Ltd. were lower as compared to the returns earned by other institutions and considering the performance of M/s. IDBI Capital Market Services Pvt. Ltd., Board had earlier decided to award them contract only for one year from 01/07/2009 as they had quoted abysmally low fees of Rs. 49,900/- p.a.

Secretary further stated that Government had objected the procedure followed for selection of Port Folio Manager as only Public Sector Port Folio Managers were shortlisted and Government conveyed that selection may be done by inviting open competitive bids.

Secretary also stated that Board had directed to appoint a consultant for selection of Port Folio Manager and Finance Sub Committee had decided to engage the second lowest bidder i.e. Shri Gautam Nayak, Chartered Accountant who had quoted Rs. 80,000/- for the said job.

Secretary also stated that Audit Committee in its 3rd Meeting held on 21/04/2010 desired that Port Folio Manager should be public sector player instead of a private player where there is

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a large/more risk and no accountability.

Secretary further stated that the Consultant has to decide the fee structure and give weightages for experience, past track record and qualified professional personnel with them and evolve points/counts method and decide benchmark for shortlisting the prospective bidders and do scrutiny of technical bids.

Chairman stated that there should be a minimum bench mark for rate of return or a threshold limit and the public sector Port Folio Managers may be given preference provided they fulfill the criteria fixed by the consultant. He also stated that although general financial rule prescribe open competitive bids, a letter can be written to the Ministry pointing out the risks involved in engaging Port Folio Manager from Private Sector and conveying the sentiments of Board on this issue.

As regards, fee structure of Port folio Manager, Chairman suggested that there has to be a sliding scale for payment of fees so that on earning a higher rate of return, there is some incentive to Port folio Manager for better performance and no fees could be payable if the minimum bench mark is not met.

Capt. N. A. Hiranandani stated as far as

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appointment of Consultant is concerned Shri M. L. Biyani quoted the fees of Rs: 15,000/- but when he was interviewed, it came to notice that he had no past experience and he had no specific plans/views to go ahead in the matter. He further stated that Shri. Gautam Nayak was of immense help after detection of scam and he had made detailed presentation in the Ministry regarding the *modus operandi* of the scam.

Chairman stated that the second lowest bidder can be appointed as consultant if the lowest bidder is not competent and his offer is unworkable

Shri S. Kannan stated that SEBI issues licenses for Port Folio Management work which need to be insisted before awarding the Port Folio management work.

After some discussion, the following decisions were taken.

(i) To black list M/s. IDBI Capital Market Services Pvt. Ltd. from future bidding

(ii) To instruct the Punjab National Bank not to permit withdrawal without the signature of Commissioner, SPFO or authorized officer on instruments.

(iii) To shift the money lying in Punjab National Bank Account to State Bank of India Account.

(iv) To issue the letter to M/s. IDBI Capital Market Services Pvt. Ltd. communicating that the contract awarded stands terminated and the securities

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purchased till date should be transferred to the CSGL/D' mat Account of SPFO and (v) To lodge a complaint with Reserve Bank of India pointing out non-investment fund on 31/03/2010 due to slowing down of RTGS System of Reserve Bank of India and seeking redressal of grievances through remedial action.

Agenda Item No. 9: Matters relating to Appointment to the Post of Administrative-cum-Accounts Officer in the Seamen's Provident Fund Organization, Mumbai.

Secretary stated that he had circulated among Trustees Confidential Reports on A.A.O. for the period from 01.11.2008 to 31.03.2009 and financial year 2009-2010 and report for Assessment on Officer on Probation for the period from 30.11.2008 to 31.09.2009 along with a separate note on performance of A.A.O. from the date he took over charge as Commissioner.

It was observed by the Trustees that there is deterioration in the performance of A.A.O. but no letter was given to him extending his probation till date. Board deprecated over the dismal performance of AAO and expressed that disciplinary action needs to be taken against the delinquent Officer.

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Secretary stated that due non-receipt of Confidential Report and also Report on Assessment of Officer on Probation from the then Directorate General of Shipping, for the period 01.04.2008 to 31.10.2009 no proposal could be submitted to Board in time. He further stated that due to lethargic and irresponsible and recalcitrant attitude of officer, the matter has been placed before the Board for Consideration.

A Consensus emerged that the case warrants imposition of Major penalty and the officer may be placed under suspension so that evidences are not tampered with and witnesses are not influenced and office work is not hampered further.

It was decided to suspend A.A.O. forthwith and initiate disciplinary proceedings for minor penalty and major penalty separately and issue the Charge Sheets as early as possible.

Agenda Item No. 10: Engagement of Office Boys/Assistants and Cleaner on Contract Basis - Extension of the Contract.

The offer of M/s. Solis Invicti Consultancy Pvt. Ltd. to extend existing contract on same terms and conditions and at the same rates appeared reasonable and it was decided to extend the contract for further period of 2 years

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subject to verification as to whether statutory dues of contract employees viz Provident Fund etc. are being paid by the contractor regularly to the respective authorities

Agenda Item No. 11. Fixation of rate of interest for credit to the Member's Accounts for the year 2010-11.

Secretary stated that Finance Sub-Committee has recommended 9% rate of interest for the year 2010-11 for the approval of Board. He also stated that Finance Sub Committee felt that rate declared by EPF, GPF and PPF has hardly any relevance as far as rate of interest of Seamen's Provident Fund is concerned and after the scam the rate of interest was reduced to 5.5%, although EPF and PPF declared rate above 8%.

Secretary further stated that clause 51(4) of Seamen's Provident Fund Scheme stipulates that there should not be overdrawl of interest and that is why Government has been deciding the rate based on estimated inflow of interest and expected outgoings at a particular rate of interest. He also pointed out that there has been all along accretion in the Interest Suspense Account as disbursement had been less than the earnings and the balance of Rs. 8 crore

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on 31/03/2005 has reached a level of Rs. 20 crore on 31/03/2010.

After some discussions, Board accepted the recommended of Finance Sub Committee to declare rate of 9% for the year 2010-2011 for crediting interest to subscribers account.

Table Papers.

Sr. No. of Table Paper	Subject	Deliberations.
1.	Departmental Inquiry instituted by Ministry of Railway against Shri. Anup Kumar Gond, Ex-Commissioner, Seamen's Provident Fund Organisation.	Board noted the position.
2.	Bailable warrant of Arrest issued in Case No. 169 of 2005 by The District Consumer Disputes Redressal Forum, Berhampur, Murshidabad.	Chairman stated that certain protection is available under the Act to Govt. Servants and hence the Judicial Authorities need to be informed about the same.

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		Secretary stated that as per Section 21 of Seamen's Provident Fund Act, 1966 'No suit or other legal proceeding shall lie against the Government or the Board or any officer or employee thereof in respect of anything which is in good faith done or intended to be done under this Act or under the Scheme' but in the present case no reply was given to notice issued by District Consumer Disputes Redressal Forum, Berhampur, Murshidabad and that is why a Bailable Warrant of Arrest was issued. Board directed that Court matters should be attended on priority basis to avert recurrences of such incidents.
3.	Clearance of un-posted Items.	Chairman suggested that the help of CDC checker

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		module & INDOS Software should be taken to trace correct details of seaman so that unposted items can be cleared substantially.
H.	Position of Outstanding Damages.	Secretary stated that in the defaulters list of Indian Companies, Shipping Corporation of India (SCI) is topping the list but attempts are being made on continuous basis to reconcile the figures and sort out long pending disputes. Shri S. Kannan expressed that he would co-ordinate in the matter from SCI's side so that disputes can be resolved quickly and amicably.
5.	Staff Matters.	It was decided to utilize the services of Shri. Ravi Yadav, Support Executive posted at Ministry of shipping, New Delhi for pursuing the matters

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		pertaining to Directorate General of Shipping Pending in the Ministry.
6.	Withdrawal of financial powers delegated to Administrative	Board noted the position.
7.	Revised Estimates 2009-10 and Budget Estimates 2010-11	Board noted the position.
8.	Status of Court Matters.	Board noted the position.
9.	Budget Re-appropriation 2009-10.	Board noted the position.
10.	Progress report of modification/alteration of SPF Accounting system with [redacted] observations.	Chairman informed that recently a meeting was held between the Software Developers of INDOS and SPFO & it was decided to establish connectivity between the respective servers for

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		transfer necessary data, creating a mirror, building a fire wall etc. so that there is proper linkage which can be utilized for multi purpose e.g. clearance of un-posted items in SPFO, verification of genuineness of TAR Book and watch Keeping Certificate. etc.
		Chairman further stated that the old data in files need to be scanned and achieved and the files containting old data need to be wed out or warehoused at a distant place so that adequate space is available in the office. He also suggested to take help of C-DAC to accomplish this task.
11.	Nomination by Government on the Board of SPFO.	Board Noted the position.
12.	Action Taken Report on Internal Audit Report of M/s. N.J.	Board noted the position.

Jawker & Co.,
Chartered Accountants
for the Third and
Fourth Quarter of
the year 2009-10..

The Meeting ended with vote of thanks to the Chair.

सही —

(S.M. Yadwadkar)
Secretary,
Seamen's Provident Fund Organization,
Mumbai

Smyadwadkar
सचिव
न्यासी मंडल
नाविक भविष्य निधि
मुंबई

अध्यक्ष
न्यासी मंडल
नाविक भविष्य निधि
मुंबई

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Annexure-A
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SEAMEN'S PROVIDENT FUND ORGANISATION, MUMBAI

Comparative position of Financial Results (Rs. In Crore)

		BE	RE	Actual	Actual
	2008-09	2009-10.	2009-10.	2009-10. (Accrual)	2009-10. (Cash)
Total Contributions	64.30	70.00	70.00.	68.40	68.40.
Employers & Members contributions.	34.64	36.00	38.00	38.08	38.08.
Admin charges @ 5%.	1.77	1.80	1.90	1.93	1.93.
Other Receipts (Int. On Investment)	0.12	0.10.	0.17	0.30*	0.16.
Grant for Goverment	-	0.40.	0.40	0.40.	0.40.
Total INCOME	1.89	2.30	2.47	2.63	2.49.
Non-Recuring Expenditure (Software / Hardware)	0.08	0.30	0.26	0.19	0.19.

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Recuring Expenditure	1.38	1.98	2.13	1.89 $	1.72
Total Expenses.	1.46	2.28	2.39	2.08	1.19
Surplus	0.43	0.02	0.08	0.55	0.581

Includes accrued interest.

$ Icludes accrued expenditure but excludes prepaid expenditure.

Surplus as pe Cash Method	0.58
Add: (i) Accrued Interst on Investment	0.14
(ii) Prepaid Expenses.	0.02
	0.74
Less: Accrued expenses	(0.19)
Surplus as per Accrual/Mercantile Method	0.55

myadwadkar
सचिव
न्यासी मंडल
नाविक भविष्य निधि
मुंबई

अध्यक्ष
न्यासी मंडल
नाविक भविष्य निधि
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MINUTES OF THE 116TH MEETING OF THE BOARD OF TRUSTEES, SEAMEN'S PROVIDENT FUND ORGANISATION, MUMBAI HELD AT 11.30 AM ON TUESDAY THE 7TH SEPTEMBER, 2010

The followings were present:

Dr. Satish B. Agnihotri	Chairman
Shri G. Rethinadhas	Member
Capt. N.A. Hiranandani	Member
Shri Anil Baran Das	Member
Shri Abdulgani Y. Serang	Member
Shri Maruti D. Rethrekar	Member
Shri. S. Kannan	Member
Shri. S.M. Yadwadkar	Secretary

Secretary welcomed the Hon'ble Chairman and respectable Trustees. Chairman also welcomed all the Hon'ble Trustees. Chairman then requested Secretary to brief the Members on Agenda items.

Secretary stated that he received a phone call from Dr. A.R. Goyal on 03109|2010 stating that he would not be attending the meeting due to pre-occupation. Secretary further stated that a letter has been received from shri A.R. Sengupta, Under Secretary Ministry of Shipping on 01|09|2010 stating that shri Tarun Kumar Jajoria, Dy. Secretary is on training from 06|09|2010 to 11|09|2010 and would not be attending the meeting. Leave of absence was therefore proposed and granted to Dr. A.R. Goyal and Shri. Tarun Kumar Jajoria.

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Leave of absence was also granted to Shri. S.C. Sood, Director, Foreign Owners Representatives & Shipmanagers who could not attend the meeting due to pre-Occupation.

Thereafter Agenda items were taken up for discussion.

Agenda Item No. 1: Confirmation of minutes of 115th meeting of Board of Trustees held on 23/07/2010.

Secretary stated that to Hon'ble Member Shri. S. Kannan and Capt. N. A. Hiranandani have confirmed the minutes of 115th meeting held on 23/07/2010. No other communication has been received from any other Hon'ble Trustees regarding any changes.

It was decided to confirm the proceedings without any modification.

Agenda Item No 2: Action Taken Report

The Action Taken Report was discussed item wise. The gist of the discussion is narrated against the items.

Sr. No. of Agenda Items of 114th Meeting of Board held on 21/01/2010	Subject	Reported Action Taken/Further Development	Further Discussion
8.	Appointment of Internal Auditor of SPFO for the financial year 2010-2011 & 2011-12.	A separate agenda item no. 5 has been placed before Board.	Secretary informed that a separate Agenda item is placed seeking ex-post facto sanction of the Board to the appointment of M/s. Batliboi & Purohit, Chartered Accountants as Internal Auditors who have already commenced audit for the first quarter of 2010-2011 from 03/09/2010.
9.	Filling up of vacancies in Gr. 'C' posts by appointment through Direct Recruitment.	The reservation roaster is being prepared.	Secretary stated that some difficulties are encountered in preparing the reservation roaster and requested for help from Directorate General of Shipping, Personnel Branch in the matter. Chairman stated that Shri Deepak Verma, Dy. Director General of Shipping can be approached for guidance in the matter and for verification of roaster.

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10.	Modification of existing modules (rate of interest) of Seamen's Provident Fund Accounting System.	GBN Technologies have been reminded to expedite modification of interest module.	Chairman directed to pursue the matter vigorously so that seamen can get their share of interest without further loss of time. He also directed to take periodical review of the work once software is modified.
11.	Induction of e-banking in SPFO.	The offers received are being scrutinized and necessary action is being taken.	Chairman informed that Directorate General of Shipping has banking transactions with Syndicate Bank who have been providing very good core banking services. It was explained that the data in Provident Fund Returns is required to be synchronized with the format in which the data is fed into Computer System.

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			Chairman directed Secretary to hold the meeting with Syndicate Bank and other Bankers quickly and submit the proposal in next meeting. Chairman also issued instructions to direct all Shipping Companies to remit the funds through RTGS, NEFT, ECS etc. and furnish the Provident Fund Returns in the format in which data is fed in the Computer System so that no time is wasted again in data feeding.
12.	Actuarial valuation of pension and gratuity for staff members of SPFO.	The matter is being examined in Consultation with Life Insurance of India.	Board instructed to carry out the exercise and submit the findings in the next meeting.

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Sr. No. of Agenda Items of 2nd Special Meeting of Board held on 12/03/2010.	Subject	Reported Action Taken / Further Development	Further Discussion
1	Changes suggested in SPF Act/Scheme on the basis of EPF Act/Scheme.	The Committee met on two occasions i.e. on 02/08/2010 and 11/08/2010 and would be finalizing the issue in one more sitting.	Board noted the position and desired that the issue may be brought in the next meeting.

Sr. No. of Agenda Items of 115th Meeting of Board held on 23/07/2010	Subject	Reported Action Taken / Further Development	Further Discussion
3.	Annual Accounts for the year 2009-10.	The C & AG Commenced the Audit on 23/07/2010 and completed the Same on 16/08/2010.	Board noted the position.

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4.	Annual Report on working of Seamen's Provident Fund Scheme, 1966, for the year 2009-10.	Based on Audit Report the stastical figures pertaining to Accounts emerging in Annual Report would be modified and thereafter the report would be printed and sent to Government for laying in Both the Houses of Parliament.	Board noted the position.
5.	Contributory Annuity Scheme for Seafarers	The separate agenda Item (No. 3) has been placed before Board.	-
6.	Norms/Guidelines for utilization of monies in Forfeiture Account.	The small changes suggested by Finance Sub Committee have been carried out.	Secretary stated that the changes suggested have been carried out and Circulated and the same will be again sent with the minutes so that Guidelines are complete in all respects and formal announcement

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			can be made on SPFO's Website.
7 & 8	Extension of contract awarded to M/s. IDBI Capital & Market Services Pvt. Ltd. till appointment of new Port Folio Manager.	(i) Contract termination notice was issued to M/s. IDBI Capital Market Services Pvt. Ltd. on 26/07/2010.	(i) Board noted the position.
		(ii) A letter Communicating the Board's decision to blacklist M/s. IDBI Capital Market Services Pvt. Ltd. was conveyed to them on 30/08/2010.	(ii) Board noted the position.
		(iii) A letter was issued to Punjab National Bank on 26/07/2010 restricting withdrawals from bank account without counter	(iii) Board noted the position.

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		Signature of Commissioner or authorized officers on negotiable instruments.	
		(iv) The money in the Saving Account with Punjab National Bank is not withdrawn as the same is fetching an interest of 3.5% p.a. which is higher than the rate of interest on term deposit for short duration.	(iv) Board Noted the position.
		(v) A letter has been issued to M/s. IDBI Capital Market Services Pvt. Ltd. on 16/08/2010 directing them to transfer all the Securities to D'Mat Account of	(v) Board noted the position.

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		SPFO.	
		(vi) A complaint has been lodged with Reserve Bank of India on 31/08/2010 pointing out non-Investment of Rs. 5 cr. on 31/03/2010 due to slowing down of RTGS system of Reserve Bank of India and seeking redressal of grievances through remedial action.	(vi) Board noted the position.
		(vii) A letter is being issued to Ministry of Shipping pointing out the risks involved in engaging Port Folio Manager from Private	(vii) In view of the discussion on Table Paper No. 2 it was decided to drop the idea.

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		Sector and conveying the sentiments of the Board on this issue.	
9.	Matters relating to Appointment to the Post of Administrative-Cum-Accounts Officer in the office of the Seamen's Provident Fund Organization, Mumbai.	(i) Suspension Order issued to Shri. Surendra Kumar, Administrative Cum Accounts officer by letter No. 857/THS/2010 dated 23/07/2010.	(i) Board noted the position.
		(ii) Draft Memorandum for imposition of Minor Penalty and Charge Sheet for Major Penalty are placed before Board as a separate agenda item.	(ii) Board noted the position.
10.	Engagement of Office Boys/	The Board's decision regarding	Board noted the position.

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	Assistants and Cleaner on Contract Basis - Extension of the Contract.	extension of Contract for a further period of 2 years Communicated to Solis Inricti Consultancy Pvt. Ltd. by letter dated 01/09/2010.	
11.	Fixation of rate of interest for credit to the Member's Accounts for the year 2010-11.	The proposal for final rate of interest @ 9%, for 2010-11 sent to Ministry of Shipping on 23/08/2010 Seeking Government's Approval.	Board noted the position.

Sr. No. of Agenda of 115th BOT held on 23/07/2010	Subject	Reported Action Taken/Further Development	Further Discussion
3.	Clearance of un-posted items.	(i) Two meetings held with	(i) Chairman directed to pursue the

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		representative of M/s. Applied Research International Pvt. Ltd. (Shri. Deepankar Maiti) to find way out to use CDC Checker which requires date of birth as key parameter.	matter with Shri. Deepankar Maiti, Manager E-Governance to find out the permanent solution to the problem.
		(ii) A letter issued to SCI on 24/08/2010 Communicating 372 old outstanding un-posted items.	(ii) Shri. S. Kannan was requested to co-ordinate in the matter.
4.	Position of Outsanding Damages.	(i) Meeting held with SCI officers on 27/07/2010 to sort out pending issues and minutes were sent to them on 05/08/2010.	(i) Board noted the position.

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		(ii) A letter issued to SCI on 31/08/2010 Communicating the information called for by them regarding their claim of double payment.	(ii) Shri. S. Kannan was requested to co-ordinate in the matter.
10	Progress report of modification/ alteration of SPF Accounting system with Observations	(i) A letter issued to C-DAC on 30/08/2010 inviting them for the inspection and seeking their proposal for microfilming of documents and warehousing of old files and records etc.	(i) Board noted the position.
		(ii) A letter issued to M/s. SBN Technologies on 07/08/2010 inviting proposal	(ii) Board noted the position.

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		for inter-connecting of data base of SPFO, SWFS, DG Shipping and Shipping Master's offices.
Agenda Item No 3:	Contributory Annuity Scheme for Seafarers	

Secretary stated that from the year 1994 Indian shipping Companies had been remitting Pension/ Annuity Contributions in terms of the NMB Agreement executed with them by the Recognized Unions of Seafarers in India. He further stated that Foreign Shipping Companies or their Indian Agents have been remitting Additional Voluntary Contributions in terms of Collective Bargaining Agreement executed with them by Recognized Unions of Seafarers in India. He also stated that these amounts are being accepted as per the decision taken by Board in 1994 and the accumulations under these heads are paid in lumpsum at the time of settlement of Provident Fund claims of the seaman. He further apprised that in December, 2008 NUSI insisted that these amounts be utilized for the purpose for which they had been remitted. Continuing further Secretary informed that the Board had requested the Finance Sub Committee to Carry out detailed study and make appropriate

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recommendations and the Finance Sub Committee had contacted 5/6 Public/Private Sector Pension Fund Managers to extract relevant information and after studying all pros & cons, recommended handing over the corpus of the Annuity Fund to Life Insurance Corporation of India (LIC) for further management during accretion stage and pay-out stage.

Secretary further apprised that when the matter was placed before the Board in its 112th it was deferred and in 113th meeting, Board desired to have a legal opinion in the matter from an experienced Counsel and check up whether it is possible to administer/launch Annuity Scheme under the existing provisions of Seamen's Provident Fund Act, 1966 and Seamen's Provident Fund Scheme, 1966. He further stated that initially the Senior Advocate, Shri. S. Venkiteswaran had opined that for Pension Annuity Scheme, an identical fund will have to be set up under a new Act and nothing can be done under existing Act but after re-consideration of the matter, he had proposed amendment to Seamen's Provident Fund Scheme, 1966 by virtue of insertion of Clause 26 A and 26 B. He further stated that there is no specific provision available in the Seamen's Provident Fund Scheme, 1966

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but Section 3(2) of Seamen's Provident Fund Act, 1966 read with Sr. No. 17 of the Schedule and Section 3(5) *ibid* can be invoked to launch such a Scheme.

Capt. N. A. Hiranandani Stated that in 2001 a Sub Committee was formed to study the issue but in 2002 the security scam was unveiled and the matter got side-tracked.

Shri. Anil Baran Das Stated that in 1994 it was felt by Unions that the money in the form of Pension/Annuity Contributions and Additional Voluntary Contributions would be safe in hands of the Seamen's Provident Fund and that is why the Unions forced the employers i.e. Shipping Companies to remit to same to SPFO.

Chairman Observed that Section 3(5) can fairly take care of the situation and desired to have suitable formulations of Clause 26 A and 26 B to fit the present case in the framework.

Secretary Stated that Annexure C to the Agenda item delineates the Contributory Annuity Scheme. He further stated that Finance Sub Committee met three times i.e. on 17/08/2010, 24/08/2010 and 26/08/2010 and had deliberations for very long time and had critically examined the Contributory Annuity Scheme word by word.

Chairman Commended the work done by Finance Sub Committee and opined that Clause 26 B needs to be modified slightly. He further expressed that Law Ministry would go into

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minute details before clearing the additions proposed in the Seamen's Provident Fund Scheme, 1966.

Capt. N. A. Hiranandani Suggested minor Corrections in Clause 26 B. He also Stated that it is possible to manage the Annuity Fund in-house and try to get as high return as LIC or other Fund Managers are offering, on engagement of an efficient and knowledgeable Port Folio Manager/Adviser. He also expressed that comfort level is the highest if the Annuity Fund is self managed with the help of Public or Private Sector Fund Manager / Adviser.

Secretary stated that the representatives of LIC were approached who stated that now-a-days LIC is undertaking disbursement of Annuity only if the corpus is given to them during accumulation stage. He further stated that the Seamen's Provident Fund had been able to give a return ranging between 7% to 8.5% during last few years whereas LIC has been giving a return of more than 9% depending upon the size of the fund. He further stated that LIC has sound financial base and all their earlier investments are fetching higher rate of interest and hence they are in a position to maintain a better rate of return.

Shri. S. Kannan stated that LIC pools the funds and has a more intelligent fund

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management System and that is why the returns are comparatively high.

Chairman stated that LIC and EPF have full time experienced professionals and economists to decide investment strategy and big musele power in the market. He further stated that such organizations prune the risks and avoid Speculative transactions to give good returns.

Secretary stated that it is ascertained from an Insurance Company that the Annuity payable on a Corpus of Rs. 1. lakhs under various options varies from Rs. 580/- per month to Rs. 800/- per month.

Chairman inquired about the balance in individual account under the 3 heads viz. Pension /Annuity, Additional Voluntary Contributions and Ex-Gratia so as to know the quantum of Annuity that would be received by a seaman on an average. He expressed that Annuity receivable by Seaman would not be a very small sum as in Case of MEMA.

Secretary Stated that around Rs. 3 to Rs. 5 lakhs would be the accumulations in each account and hence Annuity would be reasonable. He also stated that the Contributory Annuity Scheme would cover around 34,300 Seamen Since Additional Voluntary Contributions and Ex-Gratia are also Considered as a part of Corpus. He also Circulated a diagram showing the figures of Coverage prepared using Sets Theory.

Chairman suggested that Provident Fund

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slips which inter-alia display the receipts and accumulations of Pension/Annuity, Additional Voluntary Contributions and Ex-Gratia should be sent to seamen to their E-Mail IDs and even SMS alerts should be sent to their mobile IDs so that they can check up the position and take up the matter with their employers if required.

Shri. S. Kannan invited attention to Para 6 of the Contributory Annuity Scheme and clarified that the contributions are deemed to be made by the seamen (i.e employees) although the same are actually remitted by the employers (shipping Companies) on their behalf.

Shri Anil Baran Das stated that the Annuity Contributions are shown as Earnings and deductions in the 'Crew Portage Bill' and hence they are deemed to be the part of wages of seamen.

Shri Abdulgani Y. Serang stated that Indian Shipping Companies are remitting the funds under the head "Pension/Annuity Contributions" but foreign Shipping Companies are remmitting under the nomenclature "Additional Voluntary Contributions" for the same Cause.

Shri S. Kannan stated that there should be a provision for submission of Life Certificate in the Scheme. He also suggested

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some minor changes in the Scheme which were incorporated.

After some discussion, Board accorded approval to (i) the amendment to Seamen's Provident Fund Scheme, 1966 by way insertion of Clause 26A and 26B and (ii) the Contributory Annuity Scheme in Annexure 'C' as modified by Finance Sub Committee subject to Government's approval.

Agenda Item No 4: Disciplinary proceedings against Shri Surendra Kumar, Administrative-cum Accounts Officer (Under Suspension)

Chairman stated that he required some more time to study in detail the Memorandum to be issued to Shri Surendra Kumar, Administrative-cum-Accounts officer for levying Minor Penalty and Charge sheet to be issued for imposition of Major Penalty. He further stated that Shri Surendra Kumar, Administrative-cum Accounts officer has made an appeal for revocation of suspension order on certain grounds on which a decision is to be taken. He also stated that Shri Surendra Kumar met him and informed him that he had not kept lien in his parent department and he would be on the streets if major penalty of Compulsory retirement/removal/dismissal is imposed.

Chairman therefore desired some time to find out an administratively workable practical solution as per the rules, which includes reinstate-

-ment of the officer, sending him on short term deputation to SWFS if permissible and getting another officer from SWFS conversant with accounts matter to assist the Secretary, SPFO in the interim period.

It was decided to defer this item to the next meeting.

Agenda Item No. 5: Appointment of Internal Auditor of SPFO for the financial year 2010-2011 and 2011-2012.

Secretary stated that Audit Committee was empowered by the Board in last meeting to appoint the Internal Auditors and since M/s. Batliboi & Purohit, Chartered Accountants had quoted the lowest fees of Rs. 75,000/- per annum plus Service Tax, they have been appointed as Internal Auditors by the Audit Committee and the Internal Auditors have commenced the work from 03/09/2010.

Board accorded ex-post-facto sanction to the appointment of M/s. Batliboi & Purohit, Chartered Accountants as Internal Auditor for the year 2010-11 and 2011-12 at a total fees of Rs. 75,000/- per annum plus Service Tax.

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Table Paper No. 1: Appointment of Port Folio Manager - Interim Proposal by Consultant.

Secretary stated that Shri Gautam Nayak, Chartered Accountant has been appointed as consultant for the selection of Port Folio Manager and the terms of references inter-alia include devising a points / counts method based on some criteria to assess technical capabilities of the prospective bidders and to fix a bench mark for shortlisting. He further stated that Shri Gautam Nayak, Chartered Accountant has decided four parameters and assigned certain marks to each of them. He also stated that Shri Amit Pandit, Chartered Accountant (colleague of Shri Gautam Nayak) has been called to explain the note with a small presentation where after Trustees may like to add few more norms and/or like to re-assign the weightages to each parameter.

Shri Amit Pandit, Chartered Accountant (colleague of Shri Gautam Nayak) stated that he has evolved the criteria based on fundamental requirements of an ideal Port Folio Manager and assigned more weightages for qualified professional and experienced personnel and also to the past performances. He further stated that the turnover and references are of crucial importance to judge the capabilities of a Port Folio Manager.

Secretary stated that an over-staffed firm should not get undue advantage and past performance

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is not necessarily indicative of furture results and hence proper weightages need to be assigned to every Criteria. He also suggested that after shortlisting, the price bid becomes the sole criteria for award of contract and hence for shortlisting higher qualifying marks may be prescribed as against 60 suggested by the Consultant. He further elaborated that a Port Folio Manager who scored only 60 marks should not grab the contract by quoting little less than other one who scrored 90 marks.

Shri Amit Pandit, Chartered Accountant (Colleague of Shri Gautam Nayak) stated that he has just given a theme which can be modified based on general consensus.

Chairman stated that instead of fixing a bench mark, few top scorers can be considerd in descending order so that there is good competition and selection is restricted among the best performers.

Shri S. Kannan agreed with the views of Secretary and Chairman and stated that 6 top scorers may be considered for short listing where after the price bid would be deciding factor.

Capt. N. A. Hiranandani stated that the selection need not be restricted among Public Sector Port Folio Managers as Private Sector Port Folio Manager regulated by SEBI are

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also performing well and Employees Provident Fund and National Pension Scheme (NPS) have mainly engaged Private Sector Fund Managers for better results. He further stated that he, per se, does not find any reason to restrict competition among Public Sector Fund Managers as the recent experience with M/s. IDBI Capital Market Services Pvt. Ltd. had not been so encouraging and their performance during last few years was not upto the expectation and comparable with that of level playing field even though market was in full swing. He also stated that Private Port Folio Managers / Advisers possess sharper knack and therefore, urged to consider even Private Sector Fund Managers engaged by EPF and NPS to increase the competition and eventually the rate of return on investments.

Secretary stated if Private Sector Port Folio Managers are to be considered, they have to work on non-discretionary basis (i.e. they can not take decision on their own and make investments) and investments decision will have to be concurred by SPFO and Internal Auditors as is being done as per the directions of the then Chairperson. He further reminded the Board that the former Internal Auditors had commented that cheques / instruments for investment funds should be jointly signed by Port Folio Manager and SPFO's authorized signatories to avert any untoward incident.

Regarding fee structure, Shri S. Kannan

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opined that SPFO may quote minimum fees and decide bench mark yield but fees beyond bench mark should be quoted by the prospective bidders.

Chairman stated that the two slabs (i.e. upto 0.5% increase in yield and thereafter upto 1% increase in yield) need not be kept as it would be difficult to transform the bids on a common platform for comparison purpose and hence a single slab need to be introduced.

Secretary stated that the benchmark yield of 9% suggested by Consultant appears on higher side in present scenario and considering the pattern of investment (i.e. upto 55% in G-Sec, 40% in PSU Bonds and 5% in Money Market Instruments) adopted by Board on conservative basis, the average yield comes to 8.40% and the bench mark can be 8.5%. He also stated that Board has taken a decision (i) not to invest in State Guaranteed G-Sec due to bitter experience (ii) not to invest in shares although the guidelines of Ministry of Finance permit investment upto 15% (iii) invest only in triple 'A' rated bonds and (iv) not to invest even in Money Market Mutual Funds/Gilt Funds.

Shri Amit Pandit, Chartered Accountant (colleague of Shri Gautam Nayak) stated that all these things will have to be made

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explicit in the bid document so that the prospective bidders can take due cognizance thereof. He further stated that benchmark for second and third year would be floating and would be re-fixed based on changes in the prices of 10 years G-Sec during the first year and second year respectively. He also agreed to devise a formulae therefor. He also suggested that investment in Money Market Mutual Funds and Gilt Funds may be allowed to increase rate of return.

After some discussion, the Consultant was requested to re-frame the criteria for assessing technical capabilities based on suggestions and submit the same to Finance Sub Committee.

Table Paper No. 2:

Facility for depositing Provident Fund deducted in ~~the~~ Andaman & Nicobar and Lakshadweep Islands.

Secretary stated that the letter from Hon'ble Trustee, Shri Abdulgani Y Serang was kept by Shri Surendra Kumar, AAO (under suspension) in a file on 'E-Banking' which was on his table on the date of suspension and hence the same could not be placed before Board in earlier meeting held on 23/07/2010. He also stated that last time as many as 12 Table papers were placed before Board and this could have been also included without much problem.

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Shri Abdulgani Y. Serang stated that a lot of difficulties are being faced while remitting Provident Fund Contributions from the remote islands of Andaman, Nikobar and Lakshadweep and requested Board to open an account in State Bank of India at these islands in which the employers would deposit the Provident Fund Contributions.

Chairman stated that the problems in remittance of Provident Fund Contribution of Seamen at Andaman, Nikobar and Lakshadweep appear genuine and need to be addressed quickly.

Secretary stated that the remittances need not be in the form of cheques and money can be transferred through electronic mode i.e. RTGS, NEFT and ECS etc.

Chairman directed to check up whether core banking facilities are offered by State Bank of India, Andaman, Nikobar and Lakshadweep so that suggestio from Secretary can be implemented.

After some discussion, It was decided to ascertain the factual position from State Bank of India as to whether its Andaman, Nikobar and Lakshadweep Branches are Connected with core banking facilities

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and if not, to open an account with State Bank of India, Andaman, Nikobar and Lakshadweep Branches to facilitate employers to deposit Provident Fund Contributions of Seamen thereof without much loss of time.

Table Paper No.3: Any other item with the permission of Chair.

Secretary stated that at present around 200 cases of Final Withdrawal are pending which are being attended on war footing. He further stated that the accretions are being utilized for settlements and hence there is not investible surplus. He however, expressed that Port Folio Manager should be appointed on priority basis so that proper investment decisions can be taken when there is investible surplus.

As regards, settelment of Final Withdrawal cases in time Chairman directed that there should be two channels (1) Green and (2) Red & all cases in Green Channel (where all the required papers are attached to the case and there is no further requirement) should be settled within a stipulated period i.e. a fortnight or so. He further directed that red channel cases may take some time depending upon the requirements in each case and time required for complying the requirements.

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The Meeting ended with vote of thanks to the Chair.

sd/-

(S. M. Yadwadkar)
Secretary,
Seamen's Provident Fund Organization,
Mumbai.

smyadwadkar
SECRETARY
BOARD OF TRUSTEES
SEAMEN'S PROVIDENT FUND
BOMBAY

CHAIRMAN
BOARD OF TRUSTEES
SEAMEN'S PROVIDENT FUND
MUMBAI

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MINUTES OF THE 117th MEETING OF THE BOARD OF TRUSTEES, SEAMEN'S PROVIDENT FUND ORGANISATION, MUMBAI HELD AT 02-30 PM ON MONDAY THE 24TH JANUARY, 2011.

The followings Were Present :-

Dr. Satish B. Agnihotri	Chairman
Shri. Tarun Kumar Jajoria	Member
Shri. C. Rethinadhas	Member
Capt. N. A. Hiranandani	Member
Shri. Anil Baran Das	Member
Shri. Abdulgani. Y. Serang	Member
Shri. Maruti D Rethrekar	Member
Shri. S. Kannan	Member
Shri S.M. Yadwadkar	Secretary

Secretary Welcomed the Hon'ble Chairman and respectable Trustees. Chairman also greeted all the Hon'ble Trustees, Chairman then requested Secretary to brief the Members on Agenda items.

Agenda item No 1 ... Confirmation of the Minutes of 116th Meeting of the Board of Trustees, Seamen's Provident Fund Organization held on 07/09/2010.

Chairman Suggested that the addendam to minutes Can be slightly Modified as under :-

"Consensus emerged that ~~for~~ Selection of Port Folio Manager all Public Sector players and Private Sector players handling the Similar work of Employees

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Provident Fund Organization (EPFO) and National Pension Scheme (NPS) May be Considered and the Consultant may be advised to Suggest adequate precautions While dealing with the Private Sector Port Folio Manager if appointed by Suitably incorporating a Covenant in the Contract agreement So that the financial interests of SPFO remain Well Protected"

Agenda item No 2 — Action Taken Report

(A) Pertaining to Action Points emerged in 114th Meeting held on 21-01-2010.

Board noted the position of 'Action Taken' for all action Points expect the following in respect of which Board had further deliberation/Instructi-

Sr. No of Agenda	Subject	Reported Action Taken/ Further Development	Further Discussion.
9	Filling up of Vacancies in Gr. 'C' Posts by appointment through Direct Recruitment	Reservation Roster Prepared but no headway Could be made due to lack of details regarding staff strength Sanctioned by Government.	Shri. C. Rethinad has stated that in absence of details of Sanctioned strength approved by Ministry for each Category, roster prepared for the Post of Junior Assistant Could not be Verified Properly Secretary Stated that all out efforts are being made to trace old Correspondence with Govt. else a fresh reference would be made to ministry in the Matter.

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10	Modification of existing Modales (rate of interest) of Seamen's Provident Fund Accounting System.	Interest Module has been modified by SBN Technologies. 614 Cases Where interest aggregating Rs. 2.96 Lakhs is Payable for the year 2008-2009 and 2009-2010 have been Processed and checked. Vouchers are being raised for Payment of difference in interest.	Board noted the Position and directed to expedite the Work of Sending the cheques for difference in interest to the Concerned Seamen.
12	Actuarial Valuation of Pension and gratuity for staff members of SPFO	letter dated 29/06/2010 Was Written to LIC for Carrying out the Work of Actuarial Valuation for determining the liabilities of the Organization in respect of the Post retirement benefits to employees/Pensioners. A reminder is also Sent on 04-01-2011. However, the reply is still awaited from LIC.	Secretary Pointed out that LIC is not interested in a Small business that is Why they have not re-acted With Positive response. He further stated that the investments made by SPFO are in the form of Govt. securites and Bonds Which LIC is reluctant to take over. Board directed that other Insurance Companies governed Under IRDA may be approached with Similar request if LIC is not responding.

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(B) Pertaining to Action Points Emerged in 2nd Special Meeting held on 12-03-2010.

Sr. No of Agenda	Subject	Reported Action Taken/Further Development.	Further Discussion
1	Changes Suggested in SPF Act/Scheme on the basis of EPF Act/Scheme.	In View of another letter received from Hon'ble Trustees Shri Anil Baran Das to incorporate Change in definition of Wages in tandem With Merchant Shipping Act, the matter is being re-examined.	It was informed that the Sub Committee formed would meet shortly to address the issue.

(C) Pertaining to Action Points Emerged in 115th Meeting held on 23-07-2010

344	Annual Accounts For the Year 2009-10 AND Annual Report on Working of Seamen's Provident Fund Scheme, 1966 For the Year 2009-10.	Audit Report was received on 01-11-2010. Thereafter, 75 Copies of Annual Accounts with Audit Report and Action taken Notes thereon in English and Hindi Were sent to Ministry of Shipping on 26-11-2010 for laying before both the Houses of Parliament. A copy was also endorsed to all Hon'ble Trustees. 75 Copies of Annual Report in Hindi and English were sent to Ministry of Shipping on 26-11-2010 for laying before both the Houses of Parliament.	Board noted with Satisfaction the timely Submission of Annual Accounts 2009-2010 and Annual report 2009-2010 to the Government for laying before Both the Houses of Parliament. Shri S. Kannan desired that audited Annual Accounts should have been adopted through Resolution by Circulation before Sending to Government. Secretary stated that the Annual Accounts with Audit Report were Sent to Audit Committee and Since there was no major audit observation, the same were got printed and Circulated to all Hon'ble Trustees also. Chairman directed that Since the Unaudited Accounts were Provisionally adopted, Resolution by Circulation may be passed in future for adoption of Audited Annual Accounts to Comply all the formalities.
5	Contributory Annuity Scheme for Seafarers.	The scheme was Sent to Ministry of shipping on 24/9/2010 for Government's approval.	Secretary apprised that Additional Secretary and Financial Advisor, Ministry of Shipping has called a Meeting on 27-01-2011 for discussion on that issue.

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748	Termination of Contract awarded to M/s IDBI Capital & Market Services Pvt Ltd. and appointment of new Port Folio Manager.	(i) All the Government Securities in CSGC Account with IDBI Gilt Ltd. were transferred to SPFO's Demat Account with Bank of India and these transfers were checked thoroughly. (ii) Reply from Reserve Bank of India received by letter dated 03-11-2010 which is explained in detail in Table Paper No 1.	Secretary reported that there was again deduction of Income Tax at Source on interest amounting to Rs. 1.10 Lakh on the investments made by M/s IDBI Capital Market Services Ltd. in bank deposit. He Further stated that IDBI Capital Market Services Ltd. are again irresponsible For this abberation. He Further reported that the final bill of M/s IDBI Capital Market Services Ltd. amounting to Rs. 1.4 Lakhs has been kept in abeyance till that issue is resolved.

(D) Pertaining to Table Papers Placed in 115th Board Meeting held on 23-07-2010.

Sr. No of Agenda	Subject	Reported Action Taken/Further Development	Further Discussion
3	Clearance of Un-Posted items.	(i) Seafarers Correct data has been Provided by DGS office in a Compact Disk based On which Un-posted items are being cleared. (ii) All old Un-posted	Chairman directed to have more interaction with shipping Companies For clearance of recent Unposted items.

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		items are being communicated to shipping Companies for Correct Particulars	
4	Recovery of Outstanding Damages.	All the defaulters are Periodically reminded and action is being initiated as per Section 10 of Seamen's Provident Fund Act, 1966 to enforce recovery.	Chairman directed that the Position of Quarterly/Six Monthly outstanding damages should be furnished for Board's Perusal.
10	Progress report of modification/ alteration of SPF Accounting System with Observations.	(i) No response from the Party, Reminder letter issued to CDAC on 06-01-2011. (ii) Minutes of next meeting held on 08-09-2010 in this matter have been sent on 27-12-2010	(1) Chairman directed that Asiatic Library or National Archives may be approached for getting a list of Parties in Mumbai which are doing the work of micro filming and record keeping for clients.

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Agenda item No 3	Appointment of Port Folio Manager.

Secretary stated that since Dr. A.R. Goyal, the Government Trustee has expressed a different view i.e. suggesting that the competition should be widened by including Private Sector players, the matter has been placed before Board as suggested by him along with the Final report of the Consultant, Shri Gautam Nayak, chartered Accountant. He Further stated that the decision is required to be taken immediately so that investments for the year 2010-2011 can be made as per the norms prescribed by Ministry of Finance as Seamen's Provident Fund Organization can not directly enter into any transaction For Purchase of Government Securities and/or Money Market Instruments.

Chairman stated that it would Prudent to limit the Competition to Public Sector players and those Private Sector players Working for Employees Provident Fund Organization and National Pension Scheme. He observed that this will ensure a reasonable Competition and avoid undue risk by opening up the field For all Private Sector Players.

Shri Tarun Kumar Jajoria observed that Selection Criteria is stringent and Few Yardsticks are Subjective. He particulary highlighted the Field 'Process' under which Soundness of investment philosophy, Procedures and internal rules would be assessed and expressed apprehension that it would not

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be possible for Board to defend it any bidder resorts to judicial intervention feeling aggrieved with the marks awarded to him. He further stated that the benchmark of 60 might pose further problems if the highest player secures less than 60 marks. He also suggested that the penalty Clause has to be made very stringent which can be invoked when the Port Folio Manager fails to perform as per his Commitment.

Shri Amit Pandit, chartered Accountant (colleague of Shri Gautam Nayak) stated that there would be a fair procedure and logic behind awarding the marks and they do not envisage any unusual problem in this regard which may lead to dispute and Consequential litigation.

Chairman stated that irrevocable bank guarantee needs to be obtained from the Successful bidder For protecting financial interest. He Further Suggested that the terms and conditions can contain a stipulation that 20% of the Over achievement would be payable to Port Folio Manager as incentive and at the same time 25% would be the penalty For under achievement. He also averred that a proper benchmark needs to be Fixed in the Current buoyant economy.

Shri Amit Pandit, Chartered Accountant (colleague of shri Gautam Nayak) stated that EPFO had fixed a benchmark of 8.55% p.a. and almost all Port Folio Managers over performed.

For fixing benchmark, Trustees expressed different views ranging between 8.5% to 9.00% P.a.

Shri Amit Pandit, Chartered Accountant (colleague of shri Gautam Nayak) stated that if

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the benchmark is kept at very high level, there might be lukewarm response as many Players would like to refrain from bidding feeling that the benchmark is too high to achieve.

After discussion, it was unanimously decided to have a benchmark of not less than 8.5% and an incentive of 20% in case of over achievement and penalty of 25% for Under achievement and to reject any offer of assured/guaranteed return of less than 8.5% P.a. It was also decided to allow the Gautam Nayak, Chartered Accountant to proceed further by preparing an advertisement to be published in local Newspaper and Compiling details on Website of SPFO for inviting Competitive bids from public Sector Port Folio Managers and Private Sector Port Folio Managers doing Similar Works for EPFO and NPS.

Agenda item No 4

Revised Estimates for year 2010-2011 and Budget Proposals for the year 2011-2012

Secretary Circulated a statement showing Comparative position depicting the actuals for last two years viz 2008-2009 and 2009-2010, Provision in Sanctioned Budget Estimates 2010-2011 and the predictions in Revised Estimates 2010-2011 based on actuals upto November, 2010 and projections in Budget Estimates 2010-2011.

Secretary also stated that Salient features of Budget Estimates 2010-2011

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have been sufficiently explained in Para 4.2.2 of Agenda Item. He further stated that as regards estimation of Provident Fund Contributions, the decline is on account of overall recession in the economy due to which Indian Seafarers are facing problems for getting employment in competitive environment and the Wage Revision due from 01-04-2010 is also Pending for the want of fresh National Maritime Board (NMB) Agreement. Secretary also stated that adequate Provision has been made in Budget Estimates 2011-12 Under the head 'Salary' for emoluments of staff intended to be recruited.

Chairman observed that there is a marginal gap between the projected Income and Expenditure for 2010-11 and 2011-12 and directed that all austerity measures should be observed as SPFO is a Self financing entity and no grant/budgetary Support would be received from Government.

Secretary stated that the Provision for Salary has been done Considering the impact of fresh recruitment planned and leaping Dearness Allowance based on Past trend and therefore there are chances of Saving Under the head 'Salary' and expressed that there wont be any Possibility of incurring any deficit Unless there is drastic upturn. He further apprised Board that accumulated Surplus is over Rs. 2 crore.

After Some discussion, Board approved Budget Estimates 2011-2012 and Revised Estimates 2010-2011.

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Agenda item No 5: E-Banking

Secretary informed that the matter is placed second time before Board as per Board's direction to approach other reputed Nationalized Banks which are providing E-Banking services for quick collection and SWIFT transfer of funds. He also apprised that a Pre-Bid Meeting was arranged on 17-09-2010 to explain in detail all requirements and there was sufficient response for the same. He further informed that in all 5 offers were received from Nationalized Banks in which Syndicate Bank has offered all services free of cost against the available float of a sum upto Rs. 3 Crores in the Current Account.

Chairman also informed that Directorate General of Shipping is also having banking relations with Syndicate Bank and expected that they would perform well as per SPFO's requirements. Chairman also directed to have frequent interaction and follow up till the working procedures get streamlined.

After some discussion, it was decided to accept the offer of Syndicate Bank for E-Banking Service and open two Current Accounts i.e. One for Provident Fund Contributions and another for Administrative charges and to empower Commissioner and other officers of SPFO to operate the Accounts.

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Agenda Item No 6 Fixation of rate of interest for Credit to the Member's Accounts for the year 2011-2012

Secretary apprised that the Finance Sub-Committee had in its 46th meeting held on 24-01-2011 in the morning recommended the rate of 9.25% for the year 2011-12. Secretary also stated that it is a Provisional rate as investments only up to 31-12-2010 have been considered for projecting interest receipts during the year 2011-12. He further stated that after appointment of new Port Folio Manager, the investment made by him up to 31st March would be considered and a fresh projection of interest will be made to facilitate Board to decide the final rate of interest for the year 2011-2012.

Shri. Anil Baran Das stated that he doesn't agree with idea of declaring rates of interest twice which was not the practice earlier.

Secretary stated that the practice is in place in other Organization also and it has been followed at the behest of then Chairperson to ensure that interest rate is not fixed at a higher level in a depressed economy.

Shri Anil Baran Das stated that he has given a letter on the subject highlighting the approved rates of interest from 85-86 Onwards and strongly recommended that Seamen should be compensated by better rate of interest which in no case be less than 9.5%.

Shri Abdulgani Y. Serang stated that there is injustice in the matter of rate of interest and felt that the strong views of Union Representative

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be Conveyed to Government.

Chairman perused the statement (copy-enclosed) prepared by the Secretary showing the interest inFlow and outFlow for last 6 years and observed that after disbursement there has been some residual in last 3 years.

Secretary stated that the rate of interest is decided by Government by Considering the interest inFlow for the year under Consideratio and the break even outflow predicted at Varying rates of interest. He Further stated that the estimations of interest receipts and disbursements are prone to Variance as Final Withdrawals Can not be anticipated with accuracy and new Comers' Contributions Can not be judged with perfection. He Further asserted that there are bound to be Some Variations and to insulate against any Situation resulting into Overdrawal of interest, Government is declaring the rate of interest Conservatively.

Shri S. Kannan inquired whether these elements Can be predicted with reasonable accuracy So that Board Can take a proper View.

Secretary stated that it is a very difficult exercise as apart from normal retiremen Voluntary Retirements from Sea Service are also taking place on mass scale which gets offset t a greater eptent through new entrants and any optimistic projection may land the Organization in a dilemma. He however stated that final exercise would be done by March, 2011 end to have more or less accurate projections of interes

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inFlow and outFlow.

Chairman observed that the closing balance in Interest Suspense Account excluding Accrued Interest would be around Rs. 23 Crore on 31-03-2011 and Suggested that the Un-disbursed interest Perta-ining to a Group Can be distributed among the Same Group Members although there are bound to be Some new entries and exits.

Shri Anil Baran Das stated that there is no point in keeping residual balance in Interest Suspense Account at Such a high level and pleaded that the rate of 9.5% is justified for 2011-2012 Under the present Circumstances.

Chairman stated that he is not averse to the rate of interest to be fixed @ 9.5% P.a. but felt that Board Can Stick to the rate of 9.25% p.a. as recommended by Finance Sub Committee.

After Some discussion, it was decided to recommend the provisional rate of interest @ 9.25% p.a. to the Ministry for Government's approval in the terms of Clause 51(1) of Seamen's Provident Fund Organization Scheme, 1966.

Agenda Item No 7

Appointment of shri. S.M. Yadwadkar, Dy. chief Accounts officer (Jr.), Mumbai Port Trust for the Post of Commissioner, SPFO, Mumbai – Protection of Gross Emoluments after Pay Revision of Major Port Trusts and Dock and Labour Board officer w.e.f. 01-01-2007.

Secretary stated that this item is in the Personal nature for him and requested to excuse himself as he happens

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to be a direct beneficiary.

The issue is regarding the higher allowances eligible to the officer, in his parent department due to implementation of 6th Pay Commission Revision. On deliberation it was pointed out that though the allowance are not matching with the Central Government Allowances, as per the procedures, the deputionist is entitled to select either the Pay Scale of lending department (Parent) or the borrowing department present one. The terms of offer of appointment to the officer from the Government also states that other Service Conditions not covered by the above terms and Conditions will be governed by Government of India instructions from time to time. Board deliberated on the matter. During the deliberatic it was also agreed that Seamen's Provident Fund Orgn will be able to bear the additional financial outgo of Rs. 2 Lakhs per annum in the nature of addition emoluments to the Commissioner. The Board therefore, decided to ascertain the acceptability of the request of Commissioner Under the Government rules, so that his representation may be Considered favourably Subject to Governme approval.

Agenda Item No 8 — Disciplinary Proceedings against Shri Surendra Kumar, Administrative - Cum - Accounts Officer.

Chairman stated that DDG reported him that Shri. Surendra Kumar, Administrative Cum Accounts officer is satisfactorly discharging

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his given duties in Seafarers Welfare Fund Society. He also reported that Commissioner has expressed Satisfaction over the performance of shri V. N. Kutty. Accountant who has been posted in SPFO Under Swapping arrangements. He further stated that as regards additional remuneration to shri V. N. Kutty it appears that the matter may be decided at Commissioner's Level and need not be put up to Board.

The Commissioner stated that it can be taken after checking the relevant Rules.

After Some discussion, it was decided to ratify the revocation of Suspension of shri Surendra Kumar, Administrative-cum-Accounts officer and to defer the matter regarding issue of Charge sheets to Shri Surendra Kumar for Minor Penalty and Major Penalty.

Agenda item No 9 — Recruitment of Staff on Contract Basis.

Secretary stated that in absence of the old Correspondence Under which Ministry might have conveyed Governments Sanction to the Creation of various posts, the Recruitment Sub Committee Could not make any headway further although out of 5 posts of Junior Assistants 3 would be earmar-ked for OBC, 1 for ST and 1 for SC assuming the Sanctioned strength of Junior Assistants as 13. He also staled that presently there are two Data Entry operators and one steno-Cum-Typist Working on Contract basis and two more clerks are required in View of 2 retirements during

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the year 2010. He also stated that there is no Single Typist in SPFO and therefore the Services of steno-cum-Typist are essentially required at least on Contract basis. He further stated that Contractual arrangements in respect of two existing Data Entry Operators need to be Continued and two more clerks need to be engaged till direct recruitment of Junior Assistants takes place.

Shri. Tarun Kamar Jajoria stated that he had seen a statement of Sanctioned Strength in Annual Report 2009-2010.

Secretary stated that initially the strength was 42 which got reduced to 36 but there is no corroborating record available and hence Fresh Correspondence will have to be made with Ministry.

Chairman stated that till that issue is resolved, Contractual arrangements Can be made for engagements of 2 more Clerks but they should be preferably from reserve Category so that Social Support is extended.

After some discussion, it was decided to accord approval to the proposal to Continue the existing Contractual arrangements for availing Services of a Steno-Cum-Typist and two Data Entry Operators till Fresh recruitment takes place and engage on Contract basis two more clerks preferably from reserve Category familiar with Computerized environment.

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Table Paper No.1	Violation of Investment guidelines by Port-Folio Manager in respect of Investment made during the Financial Year 2009-2010 - Related issues.
	Shri Tarun Kumar Jajoria observed that everybody is shirking the responsibility and expressed Serious Concern in the matter. Chairman directed that from the year 2010-2011 onwards no undue risk should be taken on the pretext of small financial gain and the investments as per the norms of Ministry of finance should be done at least 3 working days prior to 31st March.
Table Paper No.2	Order No. 37 of 29-09-2010—Shri Brojen Chandra Dey- V/s. The Commissioner, Seamen's Provident Fund Organization, Mumbai.
	Chairman expressed that provisions of Section 21 of Seamen's Provident Fund Organization Act, 1966 Which provides protection to officials for act done in good faith, should be brought to the notice of Concerned Forum/Judicial Authority So that they take a proper note of the Same.
Table Paper No.3	Modified Assured Carrier Progression Scheme for Employees of SPFO.
	Board noted the position.
Table Paper No.4	Laying of Annual Accounts and Annual Report 2009-2010 in Both the Houses of Parliament.

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Secretary thanked Under Secretary (MA), Deputy Secretary (MM), Joint Secretary (shipping) for time lying Annual Accounts and Annual Report in Parliament th ough the Printing got delayed for various reasons.

Board noted the position with Satisfactio

Table Paper No. 5. Departmental Inquiry into the Charg Framed against Shri C.h Thadani, Sr. Assistan (Under Suspension).

Chairman stated that he has received an appeal in the matter which he had marked to Commissioner and after receiving Comments, further action would be taken.

Table Paper No 6 Grant-in-Aid From Forfeiture Accoun

Secretary stated that the proposals receiv from Seafarers Welfare Fund Society and Royal Bombay Seamen's Society were placed before Finance Sub Committee in its 45th Meeting held On 24-01-2011 in the morning and it was decided to place both the proposals before Board since Some Trustees are also office bearers/Trustees On these Organizations.

Chairman stated that there is no Conflict of interests but Complementality of the interests and no individual would be directly benefited and hence there is nothing wrong in Making appropriate recommendations

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to Board by Finance Sub Committee Members who may happen to be Trustees of the applicant Organizations.

Shri. A.B.Das stated that Royal Bombay Seamen's Society provides accommodation only for officers and hence the request can be acceded only if the facilities are opened up for ratings.

Shri. Abdulgani Y. Serang stated that according to his knowledge Some ratings do stay in the Royal Bombay Seamen's Society.

Capt. N.A. Hiranandani stated that apart from officers, seamen are also given accommodation and other facilities as per the Memorandum of Association and there is no taboo. He further stated that the Society deserves and merits favourable consideration for extending welfare to the Seafarer's fraternity.

Capt. N.A Hiranandani stated that Seafarer's Welfare Fund Society has no source of income and up-gradation of Computer System is required to serve the Seamen in better way.

Chairman stated that Seafarers Welfare Fund Society really requires augmentation of funds to accomplish certain tasks.

After some discussion, it was decided to seek clarification from Royal Bombay Seamen's Society on the queries raised by Members. It was also decided to accede to the request made by Seafarers Welfare Fund Society on reimbursement of actual cost incurred.

Secretary stated that the items related to grant-in-aid from Forfeiture Account to Seafarers Welfare Fund Society and Royal Bombay Seamen's

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Society would be brought again before Board as regular Agenda Items.

Table Paper No. 7 — Contributory Annuity Scheme for Seafarers.

Secretary informed that Additional Secretary and Financial Advisor has called a meeting on 27-01-2011 for further discussion in the matter.

Table Paper No. 8 — Appointment of Director General of Shipping, Ex-Officio Chairman of SPFO Board

All Trustees congratulated and Welcomed Dr. Satish Agnihotri as Chairman, SPFO cum Director General of Shipping.

Table Paper No. 9 — Status of Software Development Work Awarded to M/s. SBN Technologies.

Secretary stated that Finance Sub Committee desired to have a password different from the CDC No. and the password should be preferably Machine generated as it was apprehended that Some Unscrupulous elements may intentionally Create impediments to genuine Seafarers requiring them to re-approach System Administrator for Setting a new password.

Board directed to make a reference to Software Developers for generating a password for all Seamen. It was also decided to hand over the password to Seamen approaching SPFO physically or through Correspondence.

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Any other item with the Permission of Chair.

Shri Abdulgani Y. Serang desired to know the number of cases of Final Withdrawal settled Under Green Channel.

Secretary stated that he had already issued a Circular to all concerned regarding attestation to be done on Final Withdrawal Forms and Thumb Impression Forms and the Cases Complying all requirements are Segregated and processed expeditiously.

Chairman stated that an Internal Circular may be issued in the matter and position of Final Withdrawal Cases Settled Under Green Channel and Red Channel be apprised to Board periodically.

The Meeting ended with a Vote of thanks to the Chair.

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Inyadwadkar
सचिव
न्यासी मंडल
नाविक भविष्य निधि
मुंबई

अध्यक्ष
न्यासी मंडल
नाविक भविष्य निधि
मुंबई

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SEAMEN'S PROVIDENT FUND ORGANISATION, MUMBAI.

Statement Showing Comparative Position.

(Rs. in crore)

	2008-09	2009-10	BE 2010-11	RE 2010-11	BE 2011-12
Contributions	64.30	68.42	77	70	77
Employers & Members	34.65	38.50	42	38	42.5
Admn Charges	1.77	1.93	2.10	1.90	2.13
Other Receipts (Int. on Investment)	0.12	0.56	0.10	0.12	0.24
Total	1.89	2.49	2.20	2.02	2.37
Software	0.05	0.19	0.01	0.07	0.05
Hardware	0.03	0.05	0.04	0.05	0.04
Non-Recurring Exp.	0.08	0.24	0.05	0.12	0.09
Other Expenditure	1.38	1.72	1.98	1.87	2.27
Total Expenses	1.46	1.96	2.03	1.99	2.36
Surplus	0.43	0.53	0.17	0.03	0.01
Salary	0.58	0.67	0.92	0.82	0.99
Pension	0.19	0.23	0.28	0.32	0.38
Contribution to Pension and Gratuity Fund	0.15	0.30	0.30	0.30	0.30

Statement showing Comparative Position of Interest.

	2007-08	2008-09	2009-10	2010-11	2011-12
Receipts	43.53	50.87	58.27	67.98	71.73
Disburse	40.67	48.30	57.30	66.50	71.40
Undisbursed Balance	2.86	2.57	0.97	1.48	0.33
Rate	7.5%	8%	8.5%	8.50%	8.50%
Undisbursed Interest	16.77	19.74	20.86	23.00	

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Minutes of the 3rd Special Meeting of the Board of Trustees, Seamen's Provident Fund Organisation, Mumbai held at 02:00 p.m. on Friday the 11th March-2011

The followingswere present:—

Shri Taran Kumar Jajoria, I.A.S.	Chairman
Capt. N. A. Hiranandani.	Member
Shri. S.C. Sood.	Member
Shri. Anil Baran Das	Member
Shri. Maruti D Rethrekar.	Member
Shri. S.M. Yadwadkar.	Secretary

Secretary stated that Chairman, SPFO had to rush to New Delhi for an urgent Cabinet Meeting on 'Securities' aspect and he can not attend the meeting. He further stated that Chairman, SPFO has given his Views in the matter which is on Page 49 of the Agenda Item. He also stated that shri C. Rethinadhas has also left for New Delhi to attend the meeting Seamen Identification Documents (SID) and shri S. Kannan has expressed his inability to attend the meeting. He further stated that shri Abdulgani V. Serang and Dr. A.R. Goyal are also not attending the meeting due to pre-Commitment and pre-occupation respectively.

Secretary also read out the provisions of clause 12 and clause 13 of Seamen's Provident Fund Scheme, 1966 relating to 'Chairman to preside at Meeting' and 'Quorum' respectively along with provisions of clause (c) and (d) of Sub Section

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(3) of Section 5 of Seamen's Provident Fund Act, 1966.

Hon'ble Members elected Shri Tarun Kumar Jajoria, I.A.S. as Chairman of the Meeting. Leave of absence was granted to Dr. Satish B Agnihotri, Chairman, SPFO, Shri C. Rethinadhas, shri. S. Kannan, shri Abdulgani Y. Serang and Dr. A.R. Goyal.

After presiding over the meeting, Shri Tarun Kumar Jajoria requested Secretary to brief about the Agenda Item.

Agenda Item No 1 — **Appointment of New Port Folio Manager For 3 years.**

Secretary stated that Board had in its 117th Board Meeting held on 24-01-2011 taken stand to Consider Public Sector Port Folio Managers and Private Sector Port Folio Managers working For EPFO and NPS for the purpose of award of Port Folio Management work for 3years. He further stated that Government advised to restrict the domain within Public Sector Port Folio Managers Only. He also stated that with the approval of Chairman, SPFO, necessary action has been taken Under which the advertisement was issued on 1-3-2011 Published in the Newspaper 'Indian Express' on 03-03-2011, pre-bid Meeting was arranged on 07-03-2011, time for Submission Technical Bids and Price Bid was kept up to 05-45 P.M. on 10.03.2011 and a special Board Meeting was Convened on 11-03-2011. He further stated that the process was carried up in a hurry as

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around Rs. 40 Crores are to be invested in the Second fortnight March, 2011 as per the norms prescribed by Ministry of Finance. He further stated that SPFO Can only make investment in Bank Deposits but can not obtain bids for purchase of bonds or Government Securities or Money Market Instruments without a SEBI recognized mediator. He therefore, Urged the Members to take a quick decision in the Matter.

Capt. N.A. Hiranandani stated that Government has changed the stand by not Considering Port Folio Manager by EPFO and NPS. He also expressed that Board has no role to play When Government has given such mandate. He also stated that it does not make much difference for him by restricting Competition among Public Sector Port Folio Managers so long as proper procedures and norms are followed in Variably to protect financial interest of Seamen.

Shri Tarun Kumar Jajoria stated that Finance Wing had taken a very Cautious and doubly Safe Stand in View of the Scam and therefore Vindicated the earlier stand of Board in the matter.

shri. Anil Baran Das stated that Government had only Communicated that Port Folio Manager has to be appointed by open Competitive bids and Government Nominee insisted on it and that is Why Consultant was appointed and Board Considered his final report.

Shri Tarun Kumar Jajoria reiterated that there is nothing Wrong in going back or turning Wheel back as a measure of abundant pre-Caution.

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Shri Tarun Kumar Jajoria also stated that if the tender process is not adopted properly, a decision can be take contrary to the one proposed in Agenda and Board was empowered to do so. He further stated that otherwise all Horible Trustees will be held responsible if there are any procedural lapses.

Capt. N. A Hiranandani stated that the earlier Port Folio Manager had only invested Surplus funds from time to time and had not Submitted any proposal for churning the Port Folio. He inquired Whether churning will be allowed or not to the new Port Folio Manager and What would be policy for that.

Secretary Stated that Port Folio Manager are supposed to identify low yielding investments bassed on the 'YTM' at the time of Purchase from the list of investment furnished to them and give a proposal for off-loading the holdings with justification. He farther stated that Such Sales may involve heavy losses and it is therefore necessary to apprise Board before hand of any Such proposal for churning mooted/formulated by Port Folio Manager and go ahead only on receiving nod from Board.

Capt. N. A. Hiranandani stated that the present proposal is meeting the criteria of Government but expressed that instead of 3 years Contract for 1 year can be awarded.

Shri. Tarun Kamar Jajoria, observed that all necessary steps have been taken, but the Whole Process has been Very fast shortening the mandatory time gaps between Various steps of tendering. He further →

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Stated that the L-1, M/s. STCI Primary Dealer Ltd. did not attend Pre-Bid Meeting and there is nothing on the record that clarification/modification to the tender decided on 09-03-2011 was issued/received to/by them. He also noted that there is a wide gap between the offers of L-1, M/s STCI primary Dealer Ltd (Rs 1,77,000/- excluding brokerage and other charges) and L-3, UTI Asset Management Pvt. Ltd (about Rs 20-Lakhs all inclusive). He also observed that the price range is wide and the bidders have quoted freak rates which give an impression that bid documents is not clear and is too weak to evoke better response. He therefore, felt that the tender document is defective, does not specify requirement clearly and felt that Selection criteria needs to be modified. He also noticed that Technical Bid was called but not processed separately and it was also made mandatory to give testimonial. He felt that due to requirement of testimonial, assessment becomes subjective. He expressed that if State Bank of India had handled more funds, he would be inclined to give more weightage for the same irrespective of Price Bid. ~~He also stated that it is not mandatory to accept the L-1 offer and Board can accept L-3 offer for the reasons to be recorded in writing.~~ He finally noted that although the tender procedure had been complied with, it was within a very short period i.e. advertisement issued on 01-03-2011, published in the Newspaper of 03-03-2011 uploaded on website on 03-03-2011, pre-bid meeting held on 07-03-2011, objections received on 08-03-2011, clarification/modification

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to tender issued on web on 09-03-2011 and tender (Technical Bid and Price Bid) opened on 10-03-2011 and placed for approval on 11-03-2011. He therefore, felt that proper time gap does not exist within the steps involved and there is no reason for shortening the period required for tender process.

Secretary stated that he had explained the emergency to the Board. He further stated that it is a fact that L-1, M/s STCI Primary Dealer Ltd. did not attend Pre-Bid Meeting however they Contacted over phone When it was told to them that Certain Conditions are being relaxed with the approval of Competent Authority and the details would be informed over phone or would be made available on website on 09/03/2011.

Addressing another concern raised by shri Tarun Kumar Jajoria, Secretary stated that last time also L-1 quoted Rs. 49,000/- p.a. Whereas one party quoted Rs. 50 Lakhs. He also stated that depending upon the level of expertise, Overheads and engagement of qualified professionals, bids are bound to vary.

Shri Tarun Kumar Jajoria stated that past wrong doing can not be taken as valid precedent. He further stated that as a lay man, he understands that Port Folio Managers get some sort of Commission for Port Folio Management work and the Port Folio Manager shall be ready to share the same with a client just as the agent for Kisan Vikas Patra, National Saving Certificate (NSC) shares with the Customer. He also stated that if investment

Prescribe Minimum experience of 2 years in place of 5 years to expand the zone of

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norms are not followed due to delay in appointment of Port Folio Manager, Ministry of Finance can be approached for relaxation. He also pointed out some apparent mistakes in bid document and terms and conditions and desired that necessary correction should be made while inviting fresh bids.

Shri Amit Pandit, chartered Accountant (colleague of shri Gautam Nayak) stated that debt market is opaque and if the investment of less than Rs.5 Crore is to be made in the Government Securities Market, these investments have to be made in odd lots Where transparent price availability is not there in the Market and the prices are quoted by the brokers/intermediaries are final.

Shri Tarun Kumar Jajoria also observed that Consultant has not prepared Comparative statement showing bidders' net worth, experience and adherence to other criteria.

Shri Amit Pandit, Chartered Accountant (Colleague of shri Gautam Nayak) stated that all the bids were scrutinized for the minimum eligibility criteria and all the bidders had complied with the minimum eligibility criteria laid down in the tender document.

After some discussion, Board decided to change the eligibility criteria and consideration and to evoke more competitive bids. Board desired to give contract only for one year and extend by another year if performance is satisfactory and to extend further for one year subject to a maximum period of 3 years. Board also decided to discharge the tender

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and re-invite the Same within a period of 10 days by Complying with all the necessary formalities. Board also directed to drop/delete the Condition relating to Submission of atleast one testimonial to plug the legal loophole. Board also desired to have a time frame of 10 days (i) To give a fresh advertisement in News paper relaxing experience yardstick (ii) To call both Technical Bid and Price Bid in closed Covers in one envelope. (iii) To open Techical Bid in front of Finance Sub Committee, process the same with the help of Consultant and shortlist the firms with Finance Sub-Committee's approval. (iv) To open price Bids of short listed parties in front of Finance Sub Committee. (v) To Submit appropriate proposal to Finance Sub Committee. (vi) To hold Special Board Meeting to finalize the issue based on recommendation of Finance Sub Committee.

The Meeting ended with a Vote of thanks to the chair.

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RESOLUTION BY CIRCULATION.

Agenda Item No. 1: Restoring services of M/s. IDBI Capital Market Serviees Ltd. as a Port Folio Manager in March, 2011 for a limited assignment.

It may be recalled in the 115th meeting of Board of Trustees held on 23/07/2010, it was decided to blacklist M/s. IDBI Capital Market Services Ltd. as they had been less than professional and the pattern of investment prescibed by Ministry of Finance could not be adhered in 2009-2010 by SPFO due to non-investment of surplus funds amounting to Rs. 5.04 Crore by them on 31/03/2010.

2. The decision of the Board was communicated to M/s. IDBI Capital Market Services Ltd. on 27/07/2010 and they were directed to transfer all the investments of Government Securities made by them and lying in CSGL Account with IDBI Gilt to D'mat Account of Seamen's Provident Fund Organization with Bank of India. They have since transferred all these investments in D'mat Account of SPFO which have been checked.

3. Ministry has by letter No. A-15018/4/2010-MT dated 04/02/2011 (Copy enclosed) intimated that the decision of removing the Port Folio Manager was taken by the Board in August, 2010 when no Government nominee was present and since then no Port Folio Manager in SPFO is in place. Ministry has further suggested that to tide over the situation, M/s. IDBI Capital Market Services Ltd. may be restored till appoint-

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ment of a new Port Folio Manager. Ministry has further advised that no decision on financial matters is to be taken by the Board unless Government Nominee is present in the Board.

4. It is pertinent to mention that apart from the instance mentioned in Para 1 above, there were few incidents where the financial interests of SPFO were affected adversely.

(i) M/s. IDBI Capital Market Services Ltd. did not send the Tax Exemption Certificate to the Rural Electrification Corporation (REC). Hence Income Tax amounting to Rs. 7,11,748/- was deducted by REC from interest on Bonds for which SPFO was required to file Income Tax Return for the Financial Year 2008-2009. Ultimately the refund was received in July, 2010 when the matter was vigorously pursued with Income Tax Department by officials of M/s. IDBI Capital Market Services Ltd.

(ii) In January, 2009, M/s. IDBI Capital Market Services Ltd. had made investments amounting to about Rs. 4 Crore in Term Deposits with Syndicate Bank on behalf of SPFO. In this case also Tax Exemption Certificate was not attached along with their letter to Syndicate Bank. As a result, Income Tax amounting to Rs. 107872.88 and Rs. 2454.76 was

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deducted by Syndicate Bank in the financial years 2009-10 and 2010-11 on interest. This was noticed in January, 2011 as Investment in TDR was made by them under Cumulative option. The matter was brought to the notice of M/s. IDBI Capital Market Services Ltd. and Syndicate Bank Simultaneously. M/s. IDBI Capital Market Services Ltd. then took up the issue with Syndicate Bank who cancelled the TDS Certificates and paid the difference to SPFO in March, 2011.

5. Ministry had called a meeting on 27/01/2011 for discussion on Annuity Scheme for Seafarers and the minutes of the meeting were forwarded by the Ministry under letter No. A-15018/4/2010-MT dated 04/02/2011 in which specific advice has been given to the Board as mentioned in Para 3 above. Further Ministry observed that since there has been a fraud/scam of approximately Rs. 92 crore in the past in SPFO, a Cautious approach needs to be undertaken while investing SPFO funds. Ministry also felt that the work of Port Folio Management should be restricted among Public Sector Port Folio Managers only and advised SPFO Board to reconsider the decision of opening up the Port Folio Management work for Private Sector participation.

6. In deference to the suggestions received from Ministry, the following action for appointment

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of Port Folio Manager was initiated!-

(i) The selection criteria was modified with the help of Consultant to restrict domain within Public Sector Players.

(ii) Advertisement for 'Appointment of Port Folio Manager' was issued on 01/03/2011

(iii) The advertisement was published in the News-paper 'Indian Express' of 03/03/2011.

(iv) Pre-bid meeting was held on 07/03/2011.

(v) Objections raised by participants in Pre-bid meeting were received in written form on 08/03/2011

(vi) The clarifications/modifications to tender were issued on web on 09/03/2011.

(vii) Tenders (Technical Bid and Price Bid) were opened on 10/03/2011 by Tender Committee.

(viii) The recommendations of Tender Committee were placed before Board on its 3rd Special Meeting held on 11/03/2011.

7. Board has in its 3rd Special Board Meeting held on 11/03/2011 deliberated on the

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matter and decided to discharge the tender and re-invite the same within a period of 10 days by complying with all the necessary formalities. Board has also decided to change the eligibility criteria and prescribe minimum experience of 2 years in place of 5 years to expand the zone of consideration and to evoke more competitive bids. Board also directed to give contract only for one year and extend by another year if performance of the Port Folio Manager is satisfactory and to extend further for one year subject to a maximum period of 3 years. Board has also directed to drop/delete the condition relating to submission of atleast one testimonial to plug the legal loophole. Board has also desired to have a time frame of 10 days.

(i) To give a fresh advertisement in News paper relaxing experience yardstick.

(ii) To call both Technical Bid and Price Bid in closed covers in one envelope.

(iii) To open Technical Bid in front of Finance Sub Committee, process the same with the help of consultant and shortlist the firms with Finance Sub Committee's approval.

(iv) To open Price Bids of short listed parties in front of Finance Sub Committee.

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(v) To Submit appropriate proposal to Finance Sub Committee.

(vi) To hold special Board Meeting to Finalize the issue based on recommendation of Finance Sub Committee.

8. Subsequently a suggestion was also received from a Government Nominee to follow Scrupulously the procedure laid down in General Financial Rules (GFR) for procurement of goods and services as in terms of a recent circular issued by Government, all Autonomous Bodies have to follow GFR. It was also suggested by him that a minimum period of 3 weeks has to be given to the bidders for submission of bids. under the circumstances, it is now not possible to appoint Port folio Manager on or before 31/03/2011.

9. The investible surplus for the year 2010-2011 is estimated at Rs. 84.41 Crore (copy enclosed) out of which an amount of Rs. 36.84 Crore has been already invested and balance amount of about Rs. 47.57 Crore (which was parked for short term pending appointment of a full fledged Port folio Manager) is to be invested during the second fortnight of March, 2011 as per the investment pattern prescribed Ministry of Finance. Considering

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the investments already made in Government Securities and Bonds of Financial Institution/Public Sector Undertaking, an amount of Rs. 35.76 Crore is required to be invested in Government Securities, Rs. 7.58 Crore in Financial Institution/Public Sector Undertaking Bonds/Bank Deposits and Rs. 4.23 Crore in Money Market Instrument (Certificate of Deposit/Treasury Bills) to adhere to the pattern prescribed by Ministry of Finance. The investments under Government Securities and Money Market Instruments can not be done without a mediator licensed by Security Exchange Board of India (SEBI) and Investment in Bank Deposit can only be made by Seamen's Provident Fund Organization, Mumbai directly

10. M/s. IDBI Capital Market Services Ltd. has made petition dated 18/03/2011 (copy enclosed) for reconsideration of decision of blacklisting taken by Board in its 115th Board of Trustees meeting held on 23/07/2010. They have pleaded that the incident happened on account of technical issue in Connection with fund receipt at the end of RBI and the incident was beyond their control because of the technical modalities and time limits set by Reserve Bank of India. They have further appealed that as a valued client, they would always be with SPFO to the fullest satisfaction of its needs with regard to extension of their services and they would constantly endeavour to extend transparent service if given another opportunity. They have also requested to kindly condone the

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incident considering their relationship since 2005 onwards and humbly submitted to consider their services on a continuous basis and allow them another opportunity to extend their services in future. Since the investment of Rs. 47.57 crore has to be made before 31st March, 2011 as per the norms prescribed by Ministry of Finance, the option available now is to accept the suggestion of Ministry (as mentioned in Para 3 above) to restore the services of M/s. IDBI Capital Market Services Ltd. on same terms and conditions. In order to ascertain the willingness of M/s. IDBI Capital Market Services Ltd. for this limited assignment of investments of surplus funds in Government Securities and Certificate of Deposits/Treasury Bills, a meeting of Finance Sub Committee Members in Mumbai was arranged at 02.30. P.M. on Monday, 21/03/2011 with the Representatives of M/s. IDBI Capital Market Services Ltd. During the meeting Dr. S.B. Agnihotri, I.A.S. Chairman, SPFO, Hon'ble Trustees, Capt. N. A. Hiranandani, Shri. Abdulgani Y. Serang, Shri. C. Rethinadhas and Commissioner/Secretary were present and Shri. Swaminathan and Shri. Subrat Udgata attended on behalf of M/s. IDBI Capital Market Services Ltd. As regards, their petition dated. 18/03/2011, it was clarified to them that revoking the blacklisting is a separate issue. It was

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also clarified to them that since Ministry of Shipping had suggested restoring the arrangements with them, their services were sought for the investment in Government Securities and Certificate of Deposits/Treasury Bills in the current financial year. It was also decided that their services would be availed on the same terms and conditions and they would be paid fees on pro-rata basis. It may be kindly recalled that fees charged by M/s. IDBI Capital Market Services Ltd. for the year from 01/07/2009 to 30/06/2010 were Rs. 49,900/- and the total investments done by them during this period were about Rs. 78 crore. Considering the explanation given by M/s. IDBI Capital Market Services Ltd. and suggestion from Ministry, it is proposed to reverse the decision taken by Board in its 115th Board of Trustees meeting held on 23/07/2010 and to give M/s. IDBI Capital Market Services Ltd. a second chance for a limited purpose of making the investment for 2010-2011 done as per norms prescribed by Ministry of Finance as there is no Port Folio Manager at present to make these investments. Ltd. is therefore, proposed to pass the following Resolution by Circulation.

RESOLUTION BY CIRCULATION

"RESOLVED THAT in order to adhere the investment pattern prescribed by Ministry of Finance during the year 2010-2011, M/s. IDBI Capital Market Services Ltd. be and

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are hereby assigned the task of investment of Seamen's Provident Fund surplus amounting to about Rs. 35 Crore and about Rs. 5 Crore in Government Securities and Certificate of Deposits /Treasury Bills respectively in the second fort-night of March, 2011".

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RESOLUTION BY CIRCULATION.

S.No	Name of Honble Trustees.		Signature / Remarks
1.	Dr. Satish B. Agnihotri.	Chairman.	Sd/-
2.	Shri. Tarun Kumar Jajoria	Member.	Concurrence by E-Mail
3.	Dr. A.R. Goyal	Member	-
4.	Shri. C. Rethinathas	-11-	Sd/-
5.	Capt. N.A. Hiranandani	-11-	Sd/-
6.	Capt. S.C. Sood	-11-	Concurrence by E-Mail
7.	Shri. Anil Baran Das	-11-	Sd/-
8.	Shri. Abdulgani Y. Serang	-11-	Sd/-
9.	Shri. Maruti D. Rethrekar	-11-	Sd/- & by E-Mail
10.	Shri. S. Kannan	Member	Concurrence on Resolution is Signa

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MINUTES OF THE 118th MEETING OF THE BOARD OF TRUSTEES, SEAMEN'S PROVIDENT FUND ORGANISATION, MUMBAI HELD AT 11.00 A.M. ON WEDNESDAY THE 10th AUGUST, 2011.

The Followings were present:-

Dr. Satish B. Agnihotri	Chairman
Shri. C. Rethinadhas	Member
Capt. N.A. Hiranandani	Member
Capt. S.C. Sood	Member
Shri. Anil Baran Das	Member
Shri Abdulgani Y. Serang	Member
Shri. Maruti D. Rethrekar	Member
Shri. S.M. Yadwadkar	Secretary
Ms. Mahua Sarkar	DOG(S)

Chairman welcomed all the Trustees present and requested Secretary to brief the Members on the Agenda items.

Before commencing the briefing, Secretary stated he had contacted both the Government Trustees on 08/08/2011 who stated that they can not attend the meeting without approval of Minister during Monsoon Session of Parliament which would be from 08/08/2011 to 09/09/2011. He further stated that Ministry had by letter No. A-15018/4/2010-MT dated 04/02/2011 communicated the Minutes of the meeting held in the Chamber of Additional Secretary & Financial Advisor (AS & FA) on 27/01/2011 in which SPFO is advised that no decision on financial matters is to be taken by the.

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Board unless Government Nominee is present on the Board. He further stated that one Government Nominees has advised him to hold a meeting in New Delhi pointing out that DCI has done so.

Board observed that although the Minutes of the meeting held on 27/01/2011 have been communicated by said letter dated 04/02/2011, no direction has been issued by Government to Board or any other Authority invoking Clause 68 of Seamen's Provident Fund Scheme, 1966. Board also noticed that one Government Nominee i.e. DDG is present in the meeting and he has not been replaced by another Nominee from CPFO as decided in the aforesaid meeting i.e. on 27/01/2011 and hence regular business can be conducted in terms of Clause 14 of Seaman's Provident Fund Scheme, 1966. Board also felt that it would not be feasible to hold meeting in New Delhi as Eight Trustees and Secretary will have to travel to New Delhi which would be the most inconvenient and uneconomic. Board also observed that the notice for calling meeting was sent on 27/07/2011, Agenda Item was sent on 02/08/2011, Minister's Orders refraining Officials to leave Head Quarters were issued in first week of August, 2011, the Government Nominated Trustees conveyed the same on 08/08/2011 and the meeting was to be held on 10/08/2011 mainly to consider and adopt the Annual Accounts before submitting them to Comptroller & Auditor General of India (C&AG) for Audit to adhere the timeframe prescribed

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by Ministry for laying Annual Accounts before Both the Houses of Parliament in forthcoming Winter Session. As such, Trustees were not inclined to postpone the meeting.

Secretary again stated that he had received a letter from Shri. S. Kannan on 29/07/2011 stating that he would not be attending the meeting due to Audit Committee meeting in Shipping Corporation of India (SCI).

Leave of absence was therefore proposed and granted to both Government Nominees Dr. A.R. Goyal, Director (Finance) and Shri Tarun Kumar Jajoria, Director (MM), I.A.S and Shri. S. Kannan.

Thereafter Agenda Items were taken up for discussion.

Agenda Item No. 1 :- Confirmation of the Minutes of the 117th Meeting and 3rd Special Meeting of the Board of Trustees, Seamen's Provident Fund, Organization held on 24/01/2011 and 11/03/2011 respectively.

The Minutes of 117th Meeting and 3rd Special Meeting held on 24/01/2011 and 11/03/2011 respectively were confirmed without any modification.

Board also ratified the Resolution by Circulation passed to assign the limited task of investment to M/s. IDBI Capital Market Services Ltd. to strictly adhere to the investment pattern prescribed by Ministry of Finance.

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Agenda Item No. 2:- Action Taken Report.

(A) Pertaining to Action Points emerged in 114th meeting held on 21/01/2010.

Sr. No. of Agenda.	Subject	Reported Action Taken / Further Development	Further Discussion
9.	Filling up of vacancies in Gr. 'C' posts by appointment through Direct Recruitment.	Direct Recruitment of Jr. Assistant has been kept in abeyance pending search of the Correspondence from the Ministry regarding Sanctioned posts of each Category. After getting the requisite documents, the action will be taken by the Recruitment Sub Committee as per the direction of the Ministry.	Shri. C. Rethinadhas stated that it is not Correct to manage the functioning of the office with staff engaged on Contract Basis because after retirement of existing employees. The Organization will loose it's functional Continuity. Chairman inquired as to what problem was encountered and what is the probable solution. Secretary stated that assuming the

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strength of Junior Assistant as 13, 4 posts of Junior Assistant are to be filled in out of which 2 would be SC, 1 for ST and 1 for OBC. He further stated that a Steno-cum-Typist has to be also recruited from General Category.

Chairman stated that as a very conservative approach posts under reservation for ST, SC and OBC may be filed up quickly considering the carry forward points and thereafter the exact quota can be worked out.

After some discussion Board directed Recruitment Committee to take a review of the situation in proper perspective and get a break through over stalemate.

10.	Modification of existing modules	Action is already initiated to expedite	Secretary stated that the work is in progress

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		(rate of interest) of Seamen's Provident Fund Accounting System.	the work of sending the cheques in respect of difference of interest to the Concerned Seamen.	however in respect of amounts less that Rs. 100 due to the seamen, the Administrative cost is more. It was decided that whatever amount is due to seamen should be paid quickly and the work should be completed by 31/10/2011 by putting extra efforts if necessary.
12.		Actuarial valuation of pension and gratuity for staff members of SPFO.	As per Board's decision, a letter No. 511/365/2011-12 dated 08/06/2011 has been already sent to SBI Life Insurance for actuarial valuation of pension and other benefits as on 31/03/2011. Reply is awaited.	Capt. N. A. Hirananclani stated that LIC offers good scheme for Gratuity and grants 7% to 8% discount on actuarial valuation of Gratuity. He further stated that Royal Bombay Seamen's Society (RBSS) has already given the work of management of Gratuity Funds to LIC.

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Secretary stated that as per actuarial valuation done on 01/12/2009 by LIC, the liability for Gratuity is around Rs. 46 lakhs. Secretary also stated that the matching investments are in the form of Government Securities and TDRs/Bonds and Fund Manager may take over these investments at a lower cost after valuation by their own experts which will involve a sizable loss to SPFO.

Secretary also stated that as per suggestion from Trustees, SBI Life Insurance was also approached for valuation of liability and their reply is being vetted by Administrative-cum-Accounts officer.

Chairman Stated that actuarial valuation of Gratuity

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				liability as on 31/03/2011 may be done and then proposal be placed before Board for handing over the management of Gratuity Fund to LIC.

(B) Pertaining to Action Points emerged in 2nd Special Meeting held on 12/03/2010.

Sr. No. of Agenda.	Subject	Reported Action Taken/Further Development	Further Discussion
1.	Changes suggested in SPF Act/Scheme on the basis of EPF Act/Scheme.	The Sub Committee Members were informed vide letter dated 17/02/2011 followed by reminders dated 23/03/2011 and 13/04/2011 to intimate a suitable/ convenient date for the meeting. Reply is awaited.	Secretary stated that only final touches are required to be given to the proposal and meeting will be held shortly. Chairman stated that the work may be completed expeditiously and proposal should be brought in the next Board meeting.

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(C) Pertaining to Action Points emerged in 115th meeting held on 23/07/2010.

Sr. NO. OF Agenda.	Subject	Reported Action Taken/Further Development	Further Discussion
7 & 8	Termination of contract awarded to M/s. IDBI Capital Market Services Ltd. and appointment of new Port Folio Manager.	The matter was brought to the notice of M/s. IDBI Capital Market Services Ltd. and Syndicate Bank simultaneously. M/s. IDBI Capital Market Services Ltd. then took up the issue with Syndicate Bank, who cancelled the TDS Certificates and paid the difference to SPFO in March, 2011. The outstanding bill of M/s. IDBI Capital Market Services Ltd. was also settled on 24/03/2011.	Secretary stated that although a letter to transfer Securities amounting to Rs. 37 crores (Face Value) has been issued to M/s. IDBI Bank Ltd. in which the erstwhile IDBI Gilt Ltd. was merged but they have not transferred the Securities from CSGL Account to SPFO'S D'Mat Account with Bank of India till date. Appropriate follow up action to be initiated immediately.

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(D) Pertaining to Table Papers placed in 115th Board meeting held on 23/07/2010.

Sr. No. of Agenda.	Subject	Reported Action Taken/ Further Development	Further Discussion
'10	Progress report of modification/ alteration of SPF Accounting System with Observations.	A letter dated 05/08/10 was sent to M/s. KAS Microsystems who are dealing in micro filming and record keeping for clients. Their quotes for the services are awaited.	Chairman stated that MMD Mumbai has initiated work on digitization of records and similar action may be taken by SPFO.

(E) Pertaining to Action Points emerged in 117th Meeting held on 24/01/2011.

Sr. No. of Agenda.	Subject	Reported Action Taken/ Further Development	Further Discussion.
7.	Appointment of Shri S. M. Yadwadkar, Dy Chief Accounts Officer (Jr.), Mumbai Port Trust for the Post of Commissioner, SPFO, Mumbai – Protection of Gross Emoluments after Pay Revision of Major Port Trusts and Dock & Labour Board Officer w.e.f. 01/01/2007.	A letter No. 866/ 0175/2011 dated 10/03/2011 was sent to Ministry of Shipping along with Agenda Item and Minutes on the subject placed before Board in its 117th meeting of Board of Trustees held on 24/01/2011. Reply from Ministry is still awaited.	Secretary stated that although Board recommended Pay protection for Commissioner, Ministry has not given any official reply till date and he could ascertain from Shipping wing that the request is out rightly rejected by Finance Wing and that is why he has applied for premature repartriation.
9	Recruitment of staff on Contract Basis	Under reference No. 11/Vol-III/296/2011-12 dated 12/05/2011. Quotations were called from Human Resources Supplying Agencies for engagement of eligible candidate from Reserve Category on contract basis. The last date of submission of quotation was 29/05/2011. Two quotations received from M/s. Solis Invicti Consultancy Pvt. Ltd. and M/s.	Considering the work load, it was directed by Board that action to engage two more Clerks from Reserve Category on Contract Basis through Placement Agency be expedited.

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		Innova Team Management Solutions Pvt. Ltd. are under scrutiny.	
Table Paper No. 2	Order No. 37 of 29/09/2010 – Shri Brojen Chandra Dey – V/s. the Commissioner, Seamen's Provident Fund Organization, Mumbai.	The matter had come up for hearing on 13/01/2011. In view of the deliberation in Commission our Advocate is of the opinion that the commission may pass an adverse order against SPFO. If it is so, he is of the opinion that an appeal should be filed with the National Commission in New Delhi.	Chairman stated that Chief Vigilance Officer of SBI will be contacted by him to trace transaction records pertaining to the payment of Shri Brojen Chandra Dey in 2000. He also stated that attempt may be made to extract corroborative evidence from Income Tax, State Bank of India and General Post Office (GPO) Mumbai so that the case becomes strong enough.
Agenda Item No. 3:-	Annual Accounts for the year 2010-2011.		

Chairman inquired whether under Audited Accounts are seen and commented by Audit Committee and if so, what were their Comments.

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Secretary stated that Audit Committee had perused only Audit Report given by Internal Auditors, M/s. Bathibai & Purohit, Chartered Accountant for four quarters. He further stated that Internal Auditors have also certified the Annual Accounts 2010-2011 and the major observation made is that Software Expenditure has not been capitalized. Secretary stated that software expenditure is in the nature of consulting charges paid to Software Developers for evolving new software or for making modifications in existing software as per the requirements. He further stated that since no discernible asset is created that fetch value on sale, the expenditure on software should be charged to revenue.

Chairman desired to know which action is beneficial from the point of view of Organization i.e. whether to capitalize or whether to charge to Revenue.

Secretary stated that since SPFO is exempt from Income Tax, there are no repercussions.

Chairman also desired that during the currency of Statutory Audit by Comptroller & Auditor General of India (C&AG), Audit Committee should also check the Accounts and furnish their observations to the Board. He also desired that the adjustments in Sundry Debtors and Sundry Creditors be carried out quickly in respect of shortfalls and excesses so that Board can know the realistic position as to how much is outstanding and what is excess and which are the concerned parties.

Secretary circulated a statement showing Comparative position of financial results with Actuals

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2009-2010, Budget Estimates 2010-2011, Revised Estimates 2010-2011 and Actuals 2010-2011.

After some discussion, it was decided to adopt un-audited Annual Accounts for the year 2010-2011 for the purpose of submitting the same to C & AG for Audit to adhere the timeframe set by Minisry.

Agenda Item No. 4:- Annual Report on working of Seamen's Provident Fund Scheme, 1966 for the year 2010-2011.

Secretary circulated a statement containing statistical data and depicting the salient features of Annual Report 2010-2011. After going through the relevant details, Board approved the Draft Annual Report for the year 2010-2011.

Agenda Item No. 5:- Appointment of New Port Folio Manager for 3 years.

Chairman stated that he has recently issued a letter to Minisry after receiving the norms from Employees Provident Fund Organization (EPFO) regarding appointment of their new Port Folio Manager. He stated that State Bank of India had quoted 0.01% fees on Port Folio handled and I-Sec Ltd. have quoted 0.0003%. He further clarified that Government had earlier advised to invite open competitive bids thereafter retracted and insisted that the selection may be restricted to Public Sector Players and hence considering the contradiction, Government has

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been requested to intimate whether SPFO should approach SEBI, a Public Sector Port Folio Manageror I-Sec, a Private Player and on receipt of advice from Government, further action can be taken.

Board noted the position and it was decided to defer this Agenda Item in the next Board meeting.

Agenda Item No. 6. Opening of Saving Account in place of Current Account for E-Banking Services.

Secretary stated that it is advisable to open Saving Bank Account on which interest @ 4% per annum is given by Nationalized Banks on Daily Balance Bearing Basis.

Capt. N. A. Hiranandani stated that it is advisable to have two Accounts in Syndicate Bank one Savings for Receipts and another Current for payments and there should be arrangements with Bank for inter-se transfer of funds. He also urged that to maximize returns, arrangement for Flexi/Sweep Deposits may be made with bankers.

Secretary stated that opening two Accounts will increase the work of Reconciliation.

Board felt that the proposal given by Capt. N.A. Hiranandani be examined and a feedback in the matter may be given in the next meeting.

Agenda Item No. 7. Appeal against order imposing Major Penalty of Dismissal from service levied on Shri. C.L. Thadani, Ex-Sr. Assistant.

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Secretary apprised Board that Shri C.L. Thadani was suspended in June, 2007 by the then Commissioner and during his tenure, he had issued 2 Charge Sheets to him and appointed Shri V. S. Khadkikar, Retired Manager (SOM) of Mumbai Port Trust who had completed Inquiry in respect of one Charge Sheet. He further stated that the matter is intricate and as Disciplinary Authority he had imposed Major Penalty by accepting the Inquiry Officer's Report ~~in toto~~. He further stated that Charge Sheet, Inquiry Officer's Report, Order issued by Disciplinary Authority, an Appeal filed by Shri. C. L. Thadani and Para wise Comments on Appeal have been Circulated.

Chairman stated that he had earlier gone through the matter but could not issue a speaking order as the Appellate Authority is Board.

Board felt that the matter has to be understood properly by the Members to meet the ends of justice and expressed that the Committee under Section 6(1) of Seamen's Provident Fund Act, 1966 be formed for advising Board on this matter.

After some discussion, it was decided to form a Committee comprising of Capt. S.C. Sood, Shri Abdulgani Y. Serang and Shri C. Rethinadhas to advise Board on the matter.

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Agenda Item No.8:- Request for Grant-in-Aid from Forfeiture Account Received from Royal Bombay Seamen's Society (RBSS).

Secretary stated that Royal Bombay Seamen's Society (RBSS) has furnished the replies to the some queries raised by Members earlier and Board may kindly take a view in the matter.

Capt. N. A. Hiranandani stated that being an office bearers of RBSS, he may be kindly excused and may be called (if needed) to furnish any further clarification.

Capt. S.C. Sood stated that since seamen are making use of said premises, there is nothing wrong in extending the help in the form of grant.

Shri Abdulgani Y. Serang also supported the views of Capt. S.C. Sood and expressed that request for grant does comply the parameters prescribed for grant-in-aid from Forfeiture Account.

Shri C. Rethinadhas stated that grant would be in the form of reimbursement only and the Society will have to incur the capital expenditure initially from its own resources.

After some discussion, it was decided to accede to the request of Royal Bombay Seamen's Society and sanction a grant of Rs. 9,88,335/- on reimbursement basis.

Agenda Item No.9:- Request for Grant-in-Aid from Forfeiture Account Received from Seafarer's Welfare Fund Society [SWFS]

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Shri C. Rethinadhas, Capt. N. A. Hiranandani and Shri Abdulgani Y. Serang stated that they are on the Board of Seafarer's Welfare Fund Society and they may be kindly excused from the deliberations on the matter.

The remaining Trustees felt that it is a deserving case as Seafarer's Welfare Fund Society manages Gratuity Fund of Seamen and also runs the Monthly Ex-gratia Monetary Assistance [MEMA] Scheme for the benefit of retired registered Seamen and the funds are required mainly for I.T. project. A consensus emerged that Seafarer's Welfare Fund Society should be well equipped and modernized so that it can render efficient service to seamen fraternity.

After some discussion, it was decided that the request from Seafarer's Welfare Fund Society merits consideration and the grant-in-aid of Rs. 9,85,000/- may be sanctioned and released on reimbursement basis.

Agenda Item No. 10:- Disciplinary proceedings against Shri Surendra Kumar, Administrative-cum-Accounts Officer.

Due to want of time, Trustees decided to defer the matter to the next meeting.

Agenda Item No. 11:- Payment of honorarium to a staff member of SPFA

Shri C. Rethinadhas stated that the proposal

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needs further examination in the light of the guidelines of VIth Pay Commission. He further stated that according to him, there is some ceiling but proposal is silent on that issue.

Shri Abdulgani Y. Serang inquired as to why the post of System Administrator was not filled in which is essential, according to him, for smooth running of the System.

Secretary stated that the said post is not on the schedule and has to be created for which approval of Board and Government would be mandatory.

On a query, Secretary clarified that development of new Software was completed by M/s. SBN Technologies Pvt. Ltd. in the month of December, 2010.

Shri Abdulgani Y. Serang asked whether M/s SBN Technologies Pvt. Ltd. has handed over source code and whether it has been checked by third party (expert in the field).

Secretary stated that although source code has been handed over by Software Developers, third party verification thereof has not been carried out.

Trustees also observed that Annual Maintenance Charges of System are as high as Rs. 2,38,248/- and proper checking of the work of the value of Rs. 20,29,200/- done by Software Developers is required.

Secretary reported that Software Engineers are housed at their Head Quarters in Cochin and therefore small technical problems are to be solved in-house and for complex issues, the technical experts at Cochin are required to be approached for solution to the problems.

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Some Trustees expressed surprise over awarding a contract based I.T. firm and desired that Annual Maintenance Contract (AMC) be given to a Mumbai based firm after thorough checking of the work done by M/s. SBN Technologics Pvt. Ltd. from technical point of view.

Capt. N. A. Hiranandani stated that M/s. SBN Technologics Pvt. Ltd. had quoted lowest for Software development work and initially they had office in Mumbai but they have now shifted to Cochin in view of their increased overseas contracts.

Trustees felt that C-DAC, who is monitoring I.T. projects at DG Shipping be entrusted the task of inspection of software developed and checking of source code handed over by M/s. SBN Technologics Pvt. Ltd. and till then the existing arrangements be continued.

Agenda Item No. 12 — Re-appropriation of Expenditure incurred during the Financial year 2010-2011.

Board noted the position.

Table Paper No. 1:- — Settlement of Final Withdrawal Claims under Green/Red Channel Basis.

Board noted the position and directed to reduced the processing time.

Table Paper No. 2:- — Position of Outstanding Damages.

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For recovery of outstanding Provident Fund Contributions and damages, Chairman suggested that Licensing Section of Directorate General of Shipping be approached with a request to withdraw/hold on General Trade License (GTL) till the Company settle the dues of SPFO.

Table Paper No 3:- — Clearance of Un-posted Item during the year 2010-2011.

S/Shri Abdulgani Y. Serang, Maruti D. Rethrekar and Anil Baran Das stated that the list of un-posted items may be given to their Unions who would try to contribute their mite for this long pending work.

Secretary pointed out that un-cleared un-posted items are around 8,000 including 1,000 transferred by Shri C.L. Thadani, Ex-Senior Assistant (Dismissed Employee) to 'Z' series. He further stated that Shri S. Kannan has requested him to send all un-posted items pertaining to Shipping Corporation of India (SCI) so that he will arrange to furnish the details to the extent possible.

Secretary also stated that although National Union Seafarers of India (NUSI) and Forward Seamen's Union of India (FSUI) had given their feedback only those un-posted items which could be counterchecked from Compact Disc (CD) containing seamen's data given by DG Shipping were transferred to Seamen's Accounts. He also stated that for clearing the remaining un-posted items for which NUSI and FSUI have furnished the details, verification from CDC (Continuous Discharge

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Certificate) Book of Seamen would be required.

Table Paper No. 4:- Notice in Consumer Complaint No. 64/2011 filed by Shri K.C. Mathen, CDC No. CL 20223 is received from Consumer Dispute Redressal Forum Kasaragod, Kerala.

Board noted the position.

Table Paper No. 5:- Investment made during the period from 01/04/2010 to 31/03/2011.

Board noted the position.

Table Paper No. 6:- Fixation of rate of interest for credit to the Member's Accounts for the year 2011-2012.

Board noted the position.

Table Paper No 7:- Contributary Annuity Scheme for Seafarers.

Secretary stated that a letter in the matter has been received from the Ministry of Shipping communicating the observations of Ministry of Law & Justice. He also stated that he has circulated the same along with Draft reply prepared by him which needs to be vetted from imminet Counsel preferably Shri Venketeshwaran who had proposed amendment to Seamen's Provident Fund Scheme, 1966.

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Shri Abdulgani Y. Serang stated that Shri Maruti D. Rethrekar would co-ordinate in the matter and requested Secretary to accompany the next Commissioner for discussion with learned Counsel. He further stated that Minister has given a deadline of 3 months during his speech on International Seafarers Day on 25/06/2011 and hence things should move fast.

Secretary assured co-operation in the matter even after repatriation.

The Meeting ended with a vote of thanks to the Chair.

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MINUTES OF THE 119th MEETING OF THE BOARD OF TRUSTEES, SEAMEN'S PROVIDENT FUND ORGANIZATION, MUMBAI HELD AT 12.00 NOON ON TUESDAY THE 31st JANUARY, 2012.

The followings were present:-

Dr. Satish B. Agnihotri	Chairman
Dr. A.R. Goyal	Member
Shri C. Rethinadhas	Member
Capt. N.A. Hiranandani	Member
Shri Anil Baran Das	Member
Shri S. Kannan	Member
Ms. Mahua Sarkar	Secretary

The Chairman welcomed all the Trustees present and requested the Secretary to brief the Members on the Agenda Items.

Secretary stated that she had received a letter from Shri Abdulgani Y. Serang and Shri Maruti Rethrekar on 30/01/2012 stating that they would not be attending the meeting due to a prior engagement in a Meeting regarding Danish Agreements in Hong Kong.

Secretary further stated that a FAX has been received from Shri P. Sasikumar, Under Secretary, Ministry of Shipping on 30/01/2012 stating that Shri Tarun Kumar Jajoria, Dy. Secretary would not be attending the meeting due to pre-occupation with work. An E-Mail was received from Capt. S.C. Sood.

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also that he would not be attending the meeting due to unavoidable circumstances.

Leave of absence was therefore proposed and granted to Shri Abdulgani Y. Serang, Shri Maruti D. Rethrekar, Shri Tarun Kumar Jajoria and Capt. S.C. Sood.

Agenda Item No.1 — Confirmation of the Minutes of the 118th Meeting of the Board of Trustees, Seamen's Provident Fund, Organization held on 10/08/2011.

The Minutes of 118th Meeting of the Board of Trustees held on 10/08/2011 was confirmed with slight modification as follows:-

(i) A letter was received from Hon'ble Trustees, Shri A.B. Das stating that one of the Government Nominees i.e. DDG present in the meeting may be replaced with another Nominee from CPFO as decided in the meeting held on 27/01/2011 in New Delhi. It is decided by the Board that necessary reference may be made to the Ministry with regards to the letter received from Hon'ble Trustees, Shri. A. B. Das.

(ii) Shri S. Kannan inquired whether the Audit Committee's observations of Annual Accounts were communicated to the C & AG. It was informed that the C & AG had completed the Annual Audit on 12/09/2011. Since the Audit Committee's Observations was received only

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on 22/09/2011, these were not communicated to C & AG. It was observed that timeframe in submitting the Audit Committee's observations has to be adhered to in future.

Agenda Item No.2 — Action Taken Report.

(A) Pertaining to Action Points emerged in 114th meeting held on 21/01/2010.

Sr. No. of Agenda	Subject	Reported Action Taken / Further Development	Further Discussion
9	Filling up of vaccancies in Gr. 'C' posts by appointment through Direct Recruitment.	A separate Agenda Item placed before Board, as Agenda Item No. 4.	As discussed detailed in Agenda Item No. 4.
12	Actuarial valuation of pension and gratuity for staff members of SPFO.	A Separate Agenda Item is placed before Board, as Item No. 5.	As discussed detailed in Agenda Item No. 5.

(B) Pertaining to Action Points emerged in 2nd Special Meeting held on 12/03/2010.

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Sr. No. of Agenda	Subject	Reported Action Taken/Further Development	Further Discussion
1.	Changes Suggested in SPF Act/Scheme on the basis of EPF Act/Scheme.	A separate Agenda Item is placed before Board, as Agenda Item No. 6.	As discussed detailed in Agenda Item No. 6.

(C) Pertaining to Action Points emerged in 115th meeting held on 23/07/2010.

Sr. No. of Agenda.	Subject	Reported Action Taken/Further Development	Further Discussion
7&8	Termination of contract awarded to M/s. IDBI Capital Market Services Ltd. and appointment of new Port Folio Manager.	Several Correspondence made with M/s. IDBI Capital Market Services Ltd. to transfer the Securities amounting to Rs. 37 Crores (Face Value). Some of the legal documents were required to be	The said Securities have been transferred by M/s. IDBI Capital Market Services Ltd. vide their letter dated 25/01/2012. Further action is pending with Bank of India. Appropriate follow up action

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		Signed by signatory of SPFO, and these were forwarded on 17/10/2011. Follow up action is under way to t[redacted] the Secu[redacted]	has been initiated with Bank of India, and expected to complete within a month.
Table Paper 10	Progress report of modification/alteration on of SPF Accounting System with Observations.	The representative of the SPFO visited MMD office Mumbai to know the procedure initiated by the MMD for digitization of records. It is gathered that the action on digitization of records is still pending with them However, this office is in continuous touch with MMD office to know the procedure being adopted by MMD.	Chairman suggested that Asiatic Library, which has recently completed digitization of records may be approached for information. A tender may be called for micro filming and work should be Completed. If required NICCI/C DAC may also be approached regarding this job.

(D) Pertaining to Action Points emerged in 117th Meeting held on 24/01/2011.

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Sr. No. of Agenda.	Subject	Reported Action Taken / Further Development	Further Discussion
Table Paper No. 2	Order No. 37 of 29/09/2010 – Shri Brojen Chandra Dey – V/s. the Commissioner, Seamen's Provident Fund Organization, Mumbai.	A Separate Table Paper is placed before Board as Table Paper No. 1.	The case was discussed, and the Board was informed of the latest development. It was also decided that the development of the case has to be submitted to every Board Meeting till its closure.
(E)	Pertaining to Action Points emerged in 118th meeting held on 10/08/2011.		
Sr. No of Agenda	Subject	Reported Action Taken / Further Development	Further Discussion
3	Annual Accounts for the year 2010 – 2011	Audit Report was received on 17/11/2011. Thereafter, 75	This was discussed for information of the Board.

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		Copies of Annual Accounts with Audit Report and Action Taken Notes therein in English and Hindi were sent to Ministry of Shipping on 23/11/2011 for laying before both the House of Parliament. A copy was also endorsed to all Hon'ble Trustees	
4.	Annual Report on working of Seamens Provident Fund Scheme, 1966 for the year 2010 – 2011.	75 copies of Annual Report in Hindi and English were sent to Ministry of Shipping on 23/11/2011 for laying before both the Houses of Parliament.	For Board's information.
6.	Opening of Saving Account in place of Current Account for E-Banking.	Since, this Organization is not having any Current Account in any Bank, the Organization is only having the Saving Bank Account and amount balance in	The Board noted the present position.

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		the Account is presently earning 4% interest on that. So it is not required to open the Current Account and Saving Account in the same Bank for FLEXI/SWIFT deposit to earn maximize return On deposite in the Bank.	
8	Request for Grant-in-Aid from Forfeiture Account Received from Royal Bombay Seamen's Society (RBSS).	A letter No. 890 (B)/1069/2011 dated 29/09/2011 was sent to Royal Bombay Seamen's Society to furnish the claim with relevant documents towards expenditure Still reply is awaited.	A letter dated 19/01/2012 was received from Royal Bombay Seamen's Society for reimbursement of Rs. 6,63,093/- The amount is duly paid.
9.	Request for Grant-in-Aid from Forfeiture	A letter No 890/ 1025/2011 dated 27/09/2011 was	The Board noted the same

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	Account Received from Seafarer's Welfare Fund Society (SWFS)	Sent to Seafarers Welfare Fund Society to furnish the claim with relevant documents towards expenditures A requst letter No. 2 SWFS (4)/04-06/2088 dated 03/10/2011 for grant-in-aid was received from SWFS. Payment of 1st installment Amount of (Rs. 5,26,-568/-) Rs 5,26,568/- was sent vide our letter No. 890/1595/ 2011 dated 04/01/2012	
11	Payment of honorarium to a staff member of SPFO.	As directed by the Trustees, a letter No. 601/Vol.-XV/1137/ 2011-12 dated 11/10/2011 sent to the C-DAC (who is monitoring I.T. Projects at DG Shipping) for inspection of software develop-ed and checking of Saurce code handed	As directed by the Board of Trustees in the 118th Board meeting held on 10/08/2011, a letter No. 601/Vol.-XV/1137/ 2011-12 dated 11/10/2011 Sent to the C-DAC (who is monitoring I.T projects at DG Shipping) for inspection of software

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			over by M/s. SBN Technologics Pvt. Ltd. Reply from C-DAC is awaited. Existing arrangements for payment of honorarium to Shri M.M. Barthwal, Deputy Superintendent, SPFO is continued.	developed and checking of source code handed over by M/s. SBN Technologics Pvt. Ltd. Reply from C-DAC is awaited.			
Table Paper No. 2	Position of outstanding Damages.		A letter No. 605/11/1520/2011 dated 21/12/2011 issued to DG Shipping requesting to withdraw/hold on General Trade License (GTL) for Companies till they settle the dues of SPFO.	SPFO has approached the DG Shipping through letter No. 605/11/1520/2011 dated 21/12/2011, to withhold the license of 2 Shipping Companies viz. M/s. West Coast Maritime Pvt. Ltd. and M/s. South India Corporation Ltd. M/s. West Coast Maritime Pvt. Ltd. thereafter deposited the			

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							Outstanding amount. Address of remaining Shipping Company's was not available with the DG Shipping. A reference has been made to the Unions for address if available with them.
Table Paper No. 3.	Clearance of un-posted items during the year 2010-2011.		A letter containing 405 number of un-posted items forwarded to the Shipping Corporation of India (SCI) for details. Reply is awaited. Reminder letter also issued to Shipping Corporation of India on 16/01/2012.				Shri A.B. Das stated that a reference may be made to all Shipping Companies regarding payment of Provident Fund amount. He also suggested that calculation of Provident Fund may be done as per the letter received from Forward Seamen's Union of India (FSUI). He also suggested that a certificate may be endorsed in the bottom of Provident

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Fund statements received from Shipping Companies that they will abide to pay the Provident Fund Contributions, if any increase in salary of seafarers.

Chairman stated that the existing Registration number in the identification method presently used may be replaced with INDOS No., as available with DG Shipping and if the data matches, the un-posted items may be cleared easily.

Shri C. Rethindhas discussed about deposit of Provident Fund Contributions with SPFO in respect of non CDC holder.

It is decided that a distinct

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CDC No. be allotted to them, may be considered for opening of Account and Provident Fund Contributions should be deposited in such account.

Shri S. Kannan stated that a year wise analysis of un-posted items may be done, and put up to the Board to take necessary action, for decision on very old un-posted items, and their accounting.

Agenda Item No 3: Revised Estimate for the year 2011-2012 and Budget Estimate for the year 2012-2013.

Secretary explained the Receipts & Expenditure during the financial year 2011-2012 and Budget Estimates for the year 2012-2013.

The Board observed that a saving of Rs. 21 lakhs in the Revised Estimates for the financial year 2011-2012 was due to vacant post of regular Commissioner and non recruitment of 05 Junior Assistants including 01 Hindi Translator. If these posts are filled up, then there would be no savings and budget may go in deficit.

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Dr. A.R. Goyal suggested that it is necessary to either increase the income, or decrease the expenditure and only then the budget can be balanced. Since the increase of income can be sourced only through Administrative Charges, the same should be increased from the present rate of 5% on Employer's Contribution and Employee's Contribution received from Shipping Companies.

Capt. N.A. Hiranandani stated that increasing of Administrative Charges is not the permanent solution, because employers are not ready to increase the Administrative Charges due to recession in the industry. However, the wages revisions of the seafarers are due from 1st January, 2012, and same percentage of Administrative Charges is expected to increase in the year 2012-2013.

As regards cuts in expenditure, Dr. A.R. Goyal suggested that in place of direct recruitment, work can be taken by the contractual employees. He also suggested that retired persons also may be engaged on contract basis.

The Chairman agreed that Stenographers may be engaged on contract basis, however Accountants are required to be engaged on regular basis, to ensure continuity and control.

Dr. A.R. Goyal replied that all Central Government Department, particularly junior level staff is engaging on contract basis only. However, this suggestion was not agreed upon by other Trustees with regard to Accountants.

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After prolonged discussion, Board recommended the Revised Estimates for the financial year 2011-2012 and Budget Estimates for the financial year 2012-2013, for onward transmission to the Government for approval.

Agenda Item No.4:- Filling up of vacancies in Gr. 'C' posts by appointment through Direct Recruitment.

Secretary explained the Agenda Item regarding filling up of vacancy of Group 'C' posts by appointment through Direct Recruitment basis. She explained that in the 118th Board of Trustees Meeting held on 10/08/2011, a Committee was set up to look into the matter and make head way to recruit the Group 'C' employee in the SPFO.

The Committee has discussed the pros & cons of the situation and finally recommended to recruit one post of stenographer and two posts of Junior Assistant on Direct Recruitment basis.

Dr. A.R. Goyal stated that considering the financial position of the Organization it is not advisable to go for Direct Recruitment. If required more contractual employee can be engaged. He also suggested that retired employee of the Organization can also be engaged as consultants, or on a contract basis.

Chairman advised that the ex-navy personal may be engaged on long term contract basis. In this regard, he also directed to check up the legal provision. He also suggested that contract with retired persons

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may be explored on long term basis.

Agenda Item No. 5:- Actuarial valuation of pension and gratuity for staff members of SPFO.

Secretary explained the Agenda Item regarding actuarial valuation of Pension & Gratuity for staff members of SPFO. She explained that presently there is a shortfall of Rs. 3.36 Crores in the Pension & Gratuity Fund Account and the same needs to be strengthened gradually. Therefore, in the Interim, a provision of Rs. 30 lakhs, and Rs. 35 lakhs has been made for the financial year 2011-2012 and the financial year 2012-2013 respectively.

Dr. A. R. Goyal inquired why this fund has a shortfall in the first place.

Secretary explained that before now no exercise has been carried out earlier to compute the actuarial valuation of Pension & Gratuity of staff members of SPFO.

Dr. A. R. Goyal suggested that this Agenda Item be put up in Tabular form so that one may know how to strengthen the fund, based on the year wise requirement.

Capt. N. A. Hiranandani suggested that a long term policy is required to be taken to strengthen the fund. The Finance Sub Committee had suggested in the 48th Meeting held on 31/01/2012 at 10.00 A.M. to prepare a table showing the

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year wise position for transferring of fund at different quantum, and the corresponding number of years required to strengthen the fund.

It was directed by the Board that this Agenda Item again to be put up in the meeting.

Agenda Item No. 6 Changes suggested in SPF Act/Scheme on the basis of EPF Act/Scheme.

Secretary explained the changes suggested in Seamen's Provident Fund Act/Scheme on the basis of Employees Provident Fund Act/Scheme.

Chairman directed Shri C. Rethindhas to re-visit the Employees Provident Fund Organization Scheme for operational aspect and put up the Agenda Item in the next meeting.

Agenda Item No. 7:- Appointment of Port Folio Manager.

Secretary explained that on receiving the consent of the Ministry, SPFO shall now be engaging State Bank of India as Port Folio Manager on similar terms & conditions as EPFO, who shall charge fees @ 0.01% annually, on the investment of funds as per guidelines of the Ministry of Finance. A Draft Agreement has been made and forwarded to State Bank of India accordingly. On confirmation of the same, SPFO shall proceed with the transfer of funds for the purpose.

Dr. A. R. Goyal inquired about the approximate

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annual investment of the SPFO, and what would be the financial implication of engaging State Bank of India as a Port Folio Manager. It was informed that a sum of Rs. 80 crore to Rs. 90 crore approximately is the investable surplus in a year, charges of the State Bank of India would be approximately Rs. 80 thousand to Rs. 90 thousand per annum.

The Board accordingly approved the engagement of State Bank of India as the Port Folio Manager.

Agenda Item No. 8:- Appeal against order imposing Major Penalty of dismissal from service levied on Shri C. L. Thadani, Ex-Sr. Assistant.

Secretary explained that as per direction issued by the Board in the 118th Board of Trustees Meeting held on 10/08/2011, a Sub Committee was constituted comprising of Capt. S.C. Sood, Shri Abdulgani Y. Serang and Shri C. Rethindhas to advise the Board on the matter. This Sub Committee met on 15/10/2011 to discuss this issue. She also read out the recommendations of the said Sub Committee. The Board discussed the proceeding of the Sub Committee, and it's recommendations carefully.

After prolonged discussion, the Board upheld the decision of the Commissioner and rejected the Appeal. A speaking order is to be

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passed by the Chairman.

Agenda Item No. 9: Fixation of rate of interest for credit to the members account for the year 2012-2013.

Secretary stated that this Agenda Item is for the provisional rate of interest which is required to be paid to the seafarers who are retiring w.e.f. 01/04/2012.

Dr. A. R. Goyal suggested that it is too early to arrive at a conclusion in the matter. He also suggested that on completion of the financial year 2011-2012, the actual figure of the interest received on investment may be taken into account for considering of payment of interest to the seafarers w.e.f. 01/04/2012.

Shri A. B. Das stated that for the payment of difference of interest to the seafarers, no application should be called and it should be paid automatically.

Dr. A. R. Goyal also inquired about the investment of the fund during the year 2011-2012. Trustees observed that calling of quotation from the various Nationalized Banks for making the investments to the highest bidder is not proper. On this issue the Ministry of Finance has issued the guidelines that the investments should be made with the regular bankers of the Organization only.

Since no decision was arrived at, it was decided to call a Meeting of the Board in April, 2012 and decide on the matter.

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Dr. A. R. Goyal observed that inclusion of Table Papers in the Agenda is not a correct practice by which the reference of a particular meeting may not be able to be linked at a later stage. He therefore suggested that each points/issues may be included as Agenda Items (for information or for action as may be this case). The above suggestion was agreed to.

Table Paper No.1: Order No. 37 of 29/09/2010 – Shri Brojen Chandra Dey – V/s. The Commissioner, Seamen's Provident Fund Organization, Mumbai.

Secretary explained the position of the case and informed the Board that the SPFO has collected all evidences pertaining to the amount paid to Shri Brojen Chandra Dey, who has filed the complaint in District Consumer Redressal Forum, Murshidabad, West Bengal. A letter has also been received from United Bank of India, Taherpur Branch, District Nadia, West Bengal that Cheque No. 443505 dated 22/09/2000 for a sum of Rs. 1,62,703/- was credited on 13/11/2000 in the Saving Bank Account No. 110576 of Shri Brojen Chandra Dey and Smt. Bina Dey, and the amount was withdrawn from 16/11/2000 to 11/06/2001 on different

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Occasions. The SPFO had lost the case from District Consumer Redressal Forum and State Consumer Forum, West Bengal, and has now filed revision petition in National Consumer Redressal Forum, New Delhi.

Secretary extended thanks to the Chairman for helping in collecting evidences in the matter through the Vigilance Department of the State Bank of India.

The next date of admission hearing is fixed on 02/03/2012 in the National Consumer District Redressal Forum, New Delhi.

Board suggested that the SPFO can file Criminal complaint for forgery and cheating against the seaman, Shri Brojen Chandra Dey, who has tried to defraud the SPFO.

Dr. A. R. Goyal inquired about the status of the case against Ex-Commissioner who was involved in the securities scam during the year 2002. He also suggested that information may be made available to the Board regarding the present status of the case.

Table Paper No.2: Contributory Annuity Scheme for Seafarers.

Secretary stated that the proposal of Pension Annuity Scheme for the seafarers is lying with the Ministry of Law & Justice, New Delhi. The Ministry of Law has made some observations which was replied by this Organization, but since they had some more

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observations, it requires discussion on mutually convenient date and time. The date and time has not been fixed. Seamen's Provident Fund Organization is in continuous touch with Ministry on this issue.

Dr. A. R. Goyal stated that he had discussed this issue with Dy. Director (MM), Ministry of Shipping at New Delhi to speed up the case. He also suggested that a letter may be made to the Ministry stating that the case may be put up parallally to the Ministry of Finance for approval.

Table Paper No. 3: Investment made during the period from April, 2011 to till to date.

Secretary stated that a sum of Rs. 95 crore have been invested in the TDR in the various Nationalized Banks during the period from April, 2011 to till date.

Dr. A. R. Goyal inquired about method of investment and it was informed that the quotations were called from all Nationalized Banks and amount invested in those Banks who offered the highest rate of interest. He stated that calling of quotations from various Nationalized Banks is not proper. As per Ministry of Finance guidelines, investment may be made with the regular bankers of the Organization only.

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Board noted the position on investment made during the period from April, 2011 to till date and suggested that details of all investment made during the year and aggregate investment in various Securities/Bonds/FDRs may be put up to the Board for information in all meetings.

Table Paper No. 4: Laying of Annual Accounts & Annual Report 2010-2011 in Both the Houses of Parliament.

The Secretary informed to the Board that the Annual Accounts and Annual Report of the Organization was laid down in Rajyasabha on 01/12/2011 and Loksabha on 12/12/2011.

Shri S. Kannan stated that Audit Committee's observation on the 'Internal' Audit Report has not been put up as an Agenda Item of the Board Meeting.

Chairman stated that a regular Agenda Item No. 3 may be alloted for Audit Committee's observation. If no Audit Committee observations are received during the period, it must be shown as Nil.

Table Paper No. 5: Disciplinary proceedings against Shri Surendra Kumar, Administrative-cum Accounts Officer.

Board enquired about the present status of the case and whether the matter has been closed administratively. Board decided to authorize the Chairman to decide on merits and pass a speaking order.

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Table Paper No 6. E-Banking

Secretary apprised the Board regarding E-Banking of the SPFO, by which swift transfer of the fund is made possible to the seafarers account instantaneously. SPFO has already started payment through RTGS/NEFT, and in second phase the receipt from the Shipping Companies will also be possible through electronic mode. Presently, SPFO is following using parallely the RTGS/NEFT and, physical instrument i.e. by Cheque methods which will become fully electronic within 6 months.

Chairman suggested that the payment through physical instrument may be stopped as early as possible and also suggested that there should be provisions available in the E-Banking system to take hard copies of daily banking transactions.

Table Paper No. 7. Installation of Tally Package Accounting System.

Chairman stated that the feeding of accounts in Tally Package should be completed in a time bound manner. All staff members should be given one month voucher to feed in the Tally Package so that they can get on-job training to work on Tally Package. He also suggested

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that if vouchers are not completed in sustainable timeframe, then the work may be outsourced to complete the job.

Capt. N. A. Hiranandani stated that the help of Internal Auditor may be sought in this matter. He also suggested that the multi-user Tally Package is better and the SPFO should opt for this Package.

The Meeting ended with a vote of thanks to the Chair.

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MINUTES OF THE 120th MEETING OF THE BOARD OF TRUSTEES OF THE, SEAMENS PROVIDENT FUND ORGANIZATION, (SPFO), MUMBAI, HELD AT 12.00 NOON ON THURSDAY, THE 30th AUGUST, 2012.

The followings were present in the Board:-

Shri Deepak Shetty	Chairman
Shri S.D. Kaushik	Member
Shri C. Rethinadhas	Member
Capt. N.A. Hiranandani	Member
Shri Anil Baran Das	Member
Shri S. Kannan	Member
Shri Abdulgani Y. Serang	Member
Capt. S.C. Sood	Member
Shri Maruti D. Rethrekar	Member
Ms. Mahua Sarkar	Secretary.

The Chairman welcomed all the Trustees present and requested Secretary to brief the Members on the Agenda Items.

Agenda Item No.1:- Confirmation of the Minutes of the 119th Meeting of the Board of Trustees, Seamen's Provident Fund Organization, held on 31/01/2012.

The Minutes of 119th Meeting held on 31/01/2012 was confirmed without any modification.

Agenda Item No 2:- Action Taken Report.

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(A) Pertaining to action points that had emerged in the 115th meeting held 23/07/2010:-

Sr. No. of Agenda	Subject	Reported Action Taken / Further Development	Further Discussion
7 & 8	Termination of contract awarded to M/s. IDBI Capital Market Services Ltd. and appointment of new Port Folio Manager.	The State Bank of India has been appointed as the new Port Folio Manager of the SPFO from 16/03/2012 and a new Demat/ CSGL account has been opened with the State Bank of India. Hence, all the securities with the Bank of India and the Bank of India and IDBI Bank will be transferred to the State Bank of India's Demat/ CSGL account in due course of time.	The matter was discussed and the Secretary explained that the work of transfer of securities is at hand and it will be completed within 15 days. The Chairman directed that the work of transfer of securities from the Bank of India and IDBI Bank to the State Bank of India's Demat / CSGL Account has to be completed expeditiously within the next 15 days, latest.
Table Paper 10	Progress report of modification / alteration of SPF Accounting System with observations.	As suggested to complete digitalization of records, information from Asiatic Library was obtained and accordingly a letter to the Company has been prepared and issued on 11/06/2012 for calling the quotation for digitalization of records.	The Secretary explained, that only one quotation is received. Therefore, it was not finalized. Addresses of two more firms have been obtained and action towards calling for quotations is underway. Chairman Suggested that calling of quotations is to be re-floated and put up on the SPFO Website also. All the requisite and prescribed procedures must be followed in this regard.

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(B) Pertaining to action points that had emerged in the 118th meeting held on 10/08/2011:-

Sr. No. of Agenda	Subject	Reported Action Taken / Further Development	Further Discussion
11	Payment of honorarium to a staff member of SPFO.	Reminder letter issued to C-DAC vide this Office letter No. 601/ Vol-VX/0012/2012 dated 28/03/2012.	It was informed to the Board that no reply has been received from the C-DAC.

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		Reply is awaited.	The Chairman directed the Secretary that she should talk to the C-DAC for an inspection of the software developed and checking of source code handed over by M/s. SBN Technologics Pvt. Ltd. If they are unable to perform the job, a written letter may be obtained from the C-DAC. In respect of payment of honorarium, the Board directed that it will be continued up to 31/03/2013 and there after may be reviewed and by that time the matter should be resolved.	
	Table Paper No. 2	Position of Outstanding Damages.	The total damages amount of Rs. 57,658/- (PF Damages - Rs. 55,306/- and Admn Damages = Rs. 2352/-)	The matter was discussed for non-receipt of address of M/s. Prospect Shipping Pvt. Ltd., the Board directed that the SPFO

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			has been recovered from M/s. West Coast Maritime Pvt. Ltd., M/s. South India Corpn. Ltd. and M/s. Roop Swaroop, which was pending since 2002-2003. However, the said damages amount of M/s Prospect Shopping Pvt. Ltd., is still not recovered as the said company is not found on its postal address.	should visit the Ministry of Corporate Affairs, GOI, website (MCA-21) to search out the current status of this company. If still not located, then may approach the Registrar of Companies and at the same time, INSA may be approached also to find out the address of the said remnant Company. If after putting all efforts, the matter is unresolved, then legal procedures may be adopted i.e., recovery through the land revenue route etc.
	Table Paper No. 3	Clearance of un-posted items during the year 2010-2011.	A letter dated 21/05/2012 issued to 112 Shipping companies as suggested by Shri A. B. Das, Member, Board of Trustees. The matter was put up to the Chairman and it was suggested	Discussed as an Agenda Item No. 15 in detail.

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		that the registration number or passport number may be replaced by the INDOS number or a separate file may be created for the INDOS number. In this regard, a letter No. 601/Vol.VI /0001/2012 dated 17/04/2012 issued to M/s. SBN Technologics Pvt. Ltd. to amend/change effect in the Seamens Provident Fund organization accounting system. A separate agenda Item is placed before the Board.	

(C) Pertaining to Action Points emerged in 119th meeting held on 31/01/2012:-

Sr. No. of Agenda	Subject	Reported Action Taken / Further Development	Further Discussion
3	Revised Estimate	A letter No. 695-II/	Approval received from

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	for the year 2011-2012 and Budget Estimate for the year 2012-2013.	0024/2012 dated 14/03/2012 issued to the Ministry for its approval of the Revised Estimates for the year 2011-2012 and Budget Estimates for the year 2012-2013.	the Ministry vide its letter No. G-20018/3/2012-MT dated 13/08/2012 and put up to the Board for an information. Board noted the position.
4.	Filling up of vacancies in Gr. 'C' posts by appointment through Direct Recruitment.	A separate agenda item is placed before the Board.	Discussed in detail as an agenda Item no. 16.
5.	Actuarial valuation of pension and gratuity for staff members of SPFO.	A separate agenda item is placed before the Board.	Discussed in detail as an agenda item no. 8
6	Changes suggested in SPF Act/Scheme on the basis of EPF Act/Scheme.	Work is in progress and will be put up in the next Board meeting.	As decided by the Board, it will be put up in the next Board Meeting.
7	Appointment of Port Folio Manager.	The State Bank of India has been appointed as the Port Folio Manager of the SPFO. in March, 2012 and the DMAT/CSGL	The Board noted the position.

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		account has been opened & investment work has been given to the SBI for the financial years 2011-2012 and 2012-2013.	
8.	Appeal against order imposing Major Penalty of dismissal from Service levied on Shri C.L. Thadani, Ex-Sr. Assistant	A speaking order stands issued by the Chairman and forwarded to Shri C.L. Thadani on 21/06/2012.	The Board noted the position.
9	Fixation of rate of interest for credit to the members account for the year 2012-13.	A separate agenda Item is placed before the Board.	Discussed as an agenda item no. 7 in detail.
Table Paper 1.	Order No. 37 of 29/09/2010 - Shri Brojen Chandra Dey - V/s. The Commissioner, Seamen's Provident Fund Organization, Mumbai.	The National Commission has passed the Order to stop Execution Proceedings till 12/09/2012 and has ordered to file certified copy of Execution	Board noted the position and it was informed by the Secretary that the next date of hearing is fixed on 12/09/2012 in the National Commission, New Delhi.

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		Application filed by Shri Brojen Chandra Dey in District Forum. A copy of Execution Order received from Advocate, Shri Vishvnath Roy and same is forwarded to Advocate, Mrs. Harvinder Choudhary, New Delhi to file in National Consumer Disputes Redressal Commission, New Delhi.	The Chairman directed that some senior official from the SPFO may be deputed on the date of hearing and efforts may be made to dispose off the matter at the admission stage only.
Table Paper 2	Contributory Annuity Scheme for Seafarers.	As suggested by the Board, a letter No. 883/0025/2012 dated 30/03/2012 has been issued to the Ministry of Shipping, Govt. of India New Delhi to speed up the case with the Law Ministry, Govt. of India and put up parallally to the Ministry of finance, Govt. of India for an approval.	Discussed in detail as an agenda item no. 17.

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Table Paper 3	Investment made during the period from April, 2011 to till to date.	A separate agenda item stands placed before the Board.	The Board noted the position.
Table Paper 5	Disciplinary proceedings against Shri Surendra Kumar, Administrative-cum-Accounts Officer.	A Speaking Order No. 857/1846/2012 dated 19/03/2012 has been passed to close the case.	The Board noted the position.
Table Paper 6	E-Banking.	A separate agenda item (for an information) stands placed before the Board.	Discussed in detail an agenda item no. 13.
Table Paper 7	Installation of Tally Package Accounting System.	Feeding into the Tally System has been completed from 01/04/2011 to February, 2012, of administrative accounts. Tally work for March 2012, is under progress.	The Board noted the position and advised the Secretary to expedite and update such data entry on a current mode.

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Agenda Item No.3:- Audit Committee's observations on the Internal Auditor's report for the period 01/07/2011-30/09/2011, as received from M/s. Batliboi & Purohit, Chartered Accountants and Internal Auditor of the SPFO, Mumbai.

3.1 The Audit Committee Meeting was held on 23/08/2012 in which the Internal Audit Reports of the 3rd quarter and 4th quarter were also discussed. The annual accounts for the financial year 2011-2012 were also placed before the Audit Committee for its suggestions /observations. The Audit Committee had observed certain points on the said annual account and Member, Shri S. Kannan has raised some queries related to it for the financial year 2011-2012 and it was replied by the SPFO. All points raised by Shri S. Kannan were also explained by the SPFO during the meeting and Members of the Audit Committee considered the said replies. The full report of the Audit Committee was placed before the Board for its perusal.

3.2. Shri S. Kannan stated that the Report of the Internal Auditor for the quarters ending 30/12/2011 and 31/03/2012 were received late and due to this reason the Audit Committee meeting was called after finalization of the annual accounts of the SPFO. However, all observations made by the Internal Auditor have been properly incorporated in the said annual accounts.

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3.3. The Chairman suggested that an audit plan (perspective) should be made by the Organization and the same should be intimated to the Internal Auditor. At the same time, the SPFO should also prepare for an audit in all respects within the timeframe set out for the purpose. The shortage of manpower was also discussed in the meeting and the Secretary explained that considering the work load of the Organization and natural attrition of the staff, it has now become necessary to review the situation.

3.4 Shri C. Rethindhas also deliberated on the issue and explained that out of the sanctioned strength of 36, only 17 employees are available in the SPFO. He also opined that retirements of employees will continue, but there being no fresh recruitment, the work of the SPFO is suffering.

3.5. The Secretary again stated that the work of SPFO is purely as a financial institution and entirely different from any administrative organization. Therefore, recruitment of permanent employees is necessary and essential to protect the data and sanctity thereof.

3.6. Shri S. Kannan enquired about the investment process of the surplus funds of the SPFO, and opined that the Fund Manager should take formal consent

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from the SPFO Commissioner prior to investing its monies in various financial instruments. The Chairman of the Finance Sub-Committee, Capt. N. A. Hiranandani informed Shri S. Kannan that the functions of the Fund Manager are to invest the available monies as per the pattern thereof duly advised by the Ministry. Where the Fund Manager to seek consent of the SPFO, each time (of such investment), it would not just cause delay, but also the very purpose of appointing a Fund Manager would be defeated. Shri S. Kannan suggested that such investments can be monitored by the Commissioner. Shri S. Kannan also cited the example of the Shipping Corporation of India (SCI) and stated that the SCI is monitoring its investments made by its Fund Manager. The Chairman did not agree with this suggestion of Shri S. Kannan and stated that it would not be possible for the Commissioner, who is holding dual charge of DDG, DG Shipping, Govt. of India and also officiating as the Commissioner, SPFO to look after the investments on a day-to-day basis because such investments are time bound matters and actions thereon must be taken in time to invest the amounts concerned.

3.7. After detailed discussions, the Chairman directed that the Seamen's Provident Fund Organization should compare the yields, of the last three years, on its investments and put up that information to the Board in its next meeting.

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Agenda Item No. 4:- Annual Accounts for the financial year 2011-2012:

4.1 The salient points of the annual accounts for the financial year 2011-2012 were also distributed amongst the Members, by Shri Surendra Kumar, Administrative-cum-Accounts Officer, so that Members could look at the figures at a glance. The Members discussed each item of the said financial data/ annual accounts.

4.2 Shri S. Kannan inquired as to why the cash at bank, on 31/03/2012, of Rs. 11.74 crore is shown in the savings bank account. The Secretary explained that apart from the balance in its savings bank account held for obligatory payments, an interest amount of Rs. 3.56 crore was received on 30/03/2012. Although this interest amount was invested on 31/03/2012, however, the same was not debited on 31/03/2012. Therefore, the bank balance as on 31/03/2012 was Rs. 11.74 crore.

4.3 On the issue of cancellation of returned cheques, Shri S. Kannan observed that cheques returned from parties, due to various reasons, are not cancelled and credited in the books of accounts even after the validity dates of the cheques have elapsed. He suggested that the same may be cancelled in due time and such amounts in full must be credited in the proper accounts. After discussions the annual accounts for the financial year 2011-2012 of the GPFO

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were adopted by the Board and recommended for sending to C & AG of India for the purpose of central audit.

Agenda Item No. 5:- Annual Report on the working of the Seamen's Provident Fund Scheme, 1966, for the fiscal 2011-2012:

5.1 The annual report of the SPFO for the financial year 2011-2012 was put up to the Board for an adoption. The Members examined each item thereof.

5.2 Chairman inquired whether there are any major changes in the said annual reports as compared to its predecessor annual report for the preceding fiscal 2010-2011. It was reported by the Secretary that there are no major changes in the subject matter.

5.3 Capt. N.A. Hiranandani observed that there are no negative points in the said annual report. After due deliberations, the Board adopted the annual report for the financial year 2011-2012.

Agenda Item No. 6:- Re-appropriation of expenditure incurred during the previous financial year 2011-2012.

6.1 The Members of the Board deliberated on the re-appropriation of expenditure incurred during the prior financial year 2011-2012 and it was observed by the Board that there are no major deviations from the Revised Estimates for the preceding financial year 2010-2011.

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6.2 Shri S. Kannan pointed out that a system should be adopted to check the actual expenditures in comparison to the Budget Estimates / Revised Estimates. The Chairman explained that the proportionate expenditure should not be more than approved Budget Estimates. The Secretary accepted this suggestion and assured that the same will be followed by the SPFO.

6.3 After detailed discussions, the re-appropriation of expenditure of the SPFO incurred during the financial year 2011-2012 was approved by the Board.

Agenda Item No. 7 : Fixation of rate of interest for credit to the members account for the financial year 2012-2013.

7.1 The Secretary explained that the Ministry of Shipping, Govt. of India was approached in April, 2012, with the approval of the Chairman, Board of Trustees of the SPFO to approve the provisional rate of interest to outgoing seamen. She also informed that the Ministry has approved the provisional rate of interest for the financial year 2012-2013 @ 8.00% p.a.g and also requested the Board of Trustees to consider the final rate of interest for financial year 2012-2013 at 8.5%.

7.2 Shri C. Rethindhas inquired about the total interest receipt and total expenditure on the payment of interest to the members at various rates of interest. The

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Secretary explained that the table placed at page no. 71 of the Agenda Item No. 7, reflects the amounts available for disbursement at different rates, and also the outgoes at various rates of interest. It also shows the balance in the Interest Suspense Account.

7.3. The Chairman enquired from Shri S.D. Kaushik, Deputy Secretary, Ministry of Shipping, Govt. of India as to whether the Ministry has suggested the rate of interest at 8.5% only. Shri S.D. Kaushik explained that there is no restriction imposed by the Ministry on the Board to approve the rate of interest @ 8.5% only, and that the Board may take its own decision.

7.4 Shri A.B. Das stated that there is no comparison between the Employees Provident Fund Organization (EPFO) and SPFO, since in the past several years the SPFO has recommended rates of interest less than that of the EPFO.

7.5. Shri Abdulgani Y. Serang inquired about the balance in the Interest Suspense Account i.e. Rs. 40.80 crore and suggested that the Board should recommend a higher rate of interest, considering the balance in the Interest Suspense Account as on 01/04/2012.

7.6 The Secretary explained that as per Clause 51(4) of the Seamen's Provident Fund Scheme, 1966, "In determining the rate of interest, the Government shall

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satisfy itself that there is no overdrawal on the Interest Suspense Account as a result of the debit thereto of the interest credited to the accounts of the members".

7.7 Capt N. A. Hiranandani then suggested that a rate of 8.75% as interest is quite reasonable, and the outgo thereon would be less than the interest anticipated on various Government securities, bonds/SDS in the financial year 2012-2013. S/Shri C. Rethindhas and S. D. Kaushik also agreed that the total expenditure would be within the total interest receivable during the financial year 2012-2013.

7.8 The Chairman, therefore, suggested that while proposing this rate of interest at 8.75% to the Ministry, it must be clearly mentioned, apart from the forgoing facts that the shipping industry is operating under different business and financial conditions, Currently in the face of the ongoing recession and employment scope being limited at this point of time, an earning of 8.75% could be helpful to seafarers, as interest thereon. The Board, therefore, agreed to recommend the rate of interest for disbursal during the financial year 2012-2013 at 8.75% to the Ministry of Shipping, Govt of India, for its approval.

Agenda Item No. 8:- Actuarial valuation of pension and gratuity for the Staff of the SPFO.

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8.1 Secretary explained that in the last Board Meeting, it was suggested by the Members to prepare a table calculating the gap between the liability of Pension & Gratuity and the funds created for the purpose. The Board observed from the table that a fixed amount is required to be transferred every year to the Pension & Gratuity Fund to strengthen this fund. Secretary also explained the Budget Estimates of the SPFO for the Financial Year 2012-2013, and informed that it would be difficult to spare such amounts required to strengthen the Fund. She again explained that, when a Commissioner is appointed on full time basis, the budget of the SPFO will be in deficit. Therefore, Shri S. D. Kaushik suggested that there is no alternative other than to increase the Administrative Charges receivable on Provident Fund Contributions.

8.2 Capt. S.C. Sood stated that Shipowners are not ready to pay more Administrative Charges due to a slow down in the industry.

8.3 Shri Abdulgani Y. Serang stated that new agreement of the seafarers will be executed in early 2014 and by then the situation may improve.

8.4 After prolonged discussion, the Board suggested that a sum of Rs. 35 lakhs per annum, may be transferred as estimated in the Budget Estimates for the time being.

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Agenda Item No. 9:- Payments to "Krupanidhi" Society for payments of arrears of rent to the Mumbai Port Trust (MbPT).

9.1 The Secretary explained that there was a possibility of heavy expenditure towards payments to Krupanidhi Ltd., due to the court verdict concerned. The Members deliberated on the issue and the Chairman suggested that the SPFO should know the legal provisions and Apex Court verdict in this regard. He also inquired if is there a Sinking Fund maintained by the SPFO. It was explained to the Board that no Sinking Fund is maintained by the SPFO. The Board observed that the receipt and payment of the Administration Fund in the Budget Estimates of the SPFO, for the financial year 2012-2013, is almost equal. Therefore, it is not feasible to spare a sum of Rs. 34,53,810/-, which is payable by the SPFO to Krupanidhi Ltd.

9.2 Shri Anil Baran Das suggested that the said amount can be borrowed from Forfeiture Account. The Chairman directed that the SPFO should examine the mandated purposes of utilization of the Forfeiture Fund & whether this can be expended from the Forfeiture Account and then put up to the next Board meeting.

Agenda Item No. 10:- Delay in payment of provident fund contributions, levy of damages and delay in receiving Seamen's Provident Fund statement - reg:

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10.1 Shri Abdulgani Y. Serang deliberated that the 30 days grace period for the payment of Provident Fund contributions is not justifiable for remote locations like Andaman & Nikobar Island. The postal delays due to the distances entailed may be considered and damages levied by the SPFO may be waived off for the Directorate, Shipping Services, A&N Administration, at Port Blair.

10.2 The Chairman inquired if there is any postal delay while receiving Provident Fund contributions from the Directorate, Shipping Services, A&N Administration, Port Blair. He also explained that a speed post letter movement can be tracked through the internet by visiting the Indian Post website (www.Indiapost.gov.in). He indicated that waiving off damages, retrospectively, may lead to audit objections, potentially. He also inquired as to why the issue should be restricted only to Port Blair and not other locations in India, like the U.T. of Lakshdweep Islands etc. He also enquired about any documentary evidence on late receipts of Provident Fund contributions from the Directorate, Shipping Services, A&N Administration, Port Blair, due to postal delays.

10.3 The second issue was regarding the non-receipt of annual account slips by the members. It was explained to the Board that account slips are already printed, but are awaiting dispatch. It was decided that annual account slips and

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User's ID's / Passwords will be dispatched together to save postal cost. The work on web based access, through which a seamen can view his PF account by visiting the official website of the SPFO, User's ID's and passwords is in the process of being printed and both will be dispatched in short time.

Agenda Item No 11 (For an Information):- Investment made during the period 1st April, 2011-31st March, 2012.

11.1 The Board noted the position.

Agenda Item No. 12 (For an Information):- Enhancement of rate of interest on Special Deposit Scheme (SDS) by Reserve Bank of India.

12.1 The Board noted the position.

Agenda Item No. 13 (For an Information):- E-Banking.

13.1 The Board was informed that payment through the RTGS/NEFT was fully operational. However, in certain cases where RTGS/NEFT were returned back or a seaman does not enclose his bank particulars, such payments are made through a physical instrument i.e, Cheque. Regarding an on-line receipt of Provident Fund contributions from shipping companies, the SPFO has begun the trial thereof and its program requires some more modifications to the Provident Fund Accounting System. M/s. SBN

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Technologics (Software Developers) has been approached for the same and the Software Engineer of M/s. SBN Technologies is scheduled to soon visit the SPFO to modify the programs. The on-line receipt of Provident Fund Contributions is also expected to be operational by 15/11/2012. As regards the web server User IDs and passwords they are in the process of print and will be dispatched to the seamen very soon. The seamen can then view their Provident Fund account by visiting the SPFO's website i.e. "spfo.gov.in" by November, 2012.

Agenda Item No. 14 (For an Information):- Status of Court Cases.

14.1 The Board noted the position.

Agenda Item No. 15 (For an Information):- Clearance of un-posted items.

15.1 It was directed in the last Board Meeting that a year-wise analysis may be made for the un-posted items pending posting in the correct accounts of the seafarers concerned.

15.2 Shri S. Kannan stated that the old un-posted items may be removed from the un-posted modules and the consequential amounts can be write back to the main Seamens' Provident Fund account. Shri Abdulgani Y. Serang inquired whether there is any system in operation where close un-posted items can be re-opened and payment can be made to the seaman concerned after some time when such a seaman approaches the SPFO.

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15.3 The Secretary explained that once an un-posted account is closed, it is not possible to retrieve the data of the given seaman. Considering this problem, the Chairman suggested that the list of un-posted items, in an electronic form, may be forwarded to the Foreign Owners, Representatives and Ship Managers Association (FOSMA), Maritime Association of Shipowners, Shipmanagers & Agents (MASSA), Shipping Master, Govt. Shipping Office, Indian National Shipowners' Association (INSA) and both the seafarers Unions i.e. National Union of Seafarers of India (NUSI) and Forward Seamens' Union of India (FSUI) to gather the correct information of the seamen concerned, in this respect, in a time-bound manner.

15.4 After prolonged discussions, it was decided that status-quo may be maintained and maximum effort may be put up to clear up the said un-posted items.

Agenda Item No. 16 (For an Information):- Filling up of vacancies in Group-C posts by an appointment through direct recruitment.

16.1 The matter of filling up of such vacancies was discussed in the meeting.

16.2 Shri C. Rethindhas inquired about the status of the employees of the SPFO and it was explained to him that all the Rules & Regulations of staff recruitment

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of the SPFO are at par with the employees of the Central Government. The (CCS) Pension Rules, 1972, is also applicable to the staff of the SPFO. He stated that in the last Board Meeting it was decided to engage two Accounts Assistants, through Placement Agencies which is not suitable for the Organization. All experienced persons are due to retired in the near future and there will be no experienced person available then in the SPFO. Since, the SPFO is purely a financial institution and cannot be compared with an Administrative Department, therefore permanent experienced staff is required by and for it.

16.3 Capt. N.A. Hiranandani stated that in the last Board meeting it was observed that the budget provisions of the SPFO do not allow recruitment of new staff comfortably. Therefore, it was decided to opt for contractual employees, for the time being, for the SPFO.

Agenda Item No. 17 (For an Information):- Contributory Annuity Scheme for Seafarers.

17.1 The Secretary explained that, presently, the matter is pending with Legal Affairs / Legislative Department, Ministry of Law & Justice for a legal opinion because Law Ministry (Legislative Department) is of the opinion that there is no enabling provision in the Seamens Provident Fund Act, 1966, to insert clauses in the Seamens Provident Fund Scheme, 1966, which would allow an introduction of the Instant Pension Annuity Scheme for seafarers in India.

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17.2 Shri S. D. Kaushik stated that the said file has come back in the Shipping Ministry, Government of India from the Law Ministry and is pending with the Hon'ble Minister.

17.3 After prolonged discussions, the Chairman suggested that on an intimation received from the Ministry of Shipping, Govt. of India, the SPFO should re-visit the legal provisions, take some more opinion from legal experts and proceed for further action.

Agenda Item No. 18:- Illegitimate provident fund deposit on arbitrary basis by manning agents / companies of foreign flag vessel.

18.1 The Chairman inquired about the process to receiving provident fund contributions from foreign flag ships.

18.2 Shri Abdulgani Y. Serang explained in detail the history of the matter and stated that it is a bilateral agreement between the Foreign Flag Shipowners and NUSI i.e., T.C.C. Agreement, under which foreign shipping companies are paying Provident Fund Contributions. It was decided 15 years back that the SPFO should accept the Provident Fund contributions duposited by foreign flag ship-owners.

18.3 Shri Anil Baran Das asked the basis of such bilateral agreements and rates of Provident Fund contributions as deposited by the foreign flag ship-owners.

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18.4 The Chairman also inquired whether the amounts deposited by the foreign flag ship-owners equal the amount deposited by the Indian flag owners. It was explained by the Secretary that the amounts deposited by the foreign flag ship-owners is a fixed amount as per the said T.C.C. Agreement, where-as Indian flag vessel owners are paying 12% of basic wages and leave wages as per Seamens Provident Fund Scheme, 1966. Therefore, the said amount deposited by the foreign flag owners is not equal to the amounts paid by Indian flag owners, being always less. The Secretary also presented a Provident Fund statement copy received from the foreign flag vessels to the Chairman.

18.5 Regarding the issue of a letter to foreign flag vessels owners, in connection with the deposit of Provident Fund contributions. Capt. N.A. Hiranandani and Shri S.C. Sood stated that before issuing such letters to such Shipping companies, the Board should be consulted. Therefore, the letter may be withdrawn. The Chairman stated that the letter may be kept in abeyance. Capt. S.C. Sood also deliberated on the matter and stated that in the present competitive environment, it is necessary that foreign flags should recruit the Indian crew otherwise unemployment will be increase.

18.6 After deliberations, the Chairman directed that the decision may be kept on hold and the matter can be discussed later on.

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Agenda Item No. 19 (for an information) :- Revised Estimates for the financial year 2011-2012 and Budget Estimates for the financial year 2012-2013.

19.1 The Board noted the position.

Agenda Item No. 20 (for an information) :- Appointment of an Internal Auditor.

20.1 The Secretary informed the Board that the term of office of the Internal Auditor i.e., M/s Batliboi & Purohit, Chartered Accountant, had expired on 31/03/2012 and the Board is required to appoint an Internal Auditor for the SPFO, for the subsequent period.

20.2 The Finance Sub committee recommended to extend the term, by one more year, of the present Internal Auditor, with the same terms & conditions.

20.3 The Chairman inquired about the performance of the Internal Auditor & whether it is satisfactory to the Audit Committee or not. Shri S. Kannan replied that the Internal Auditor's performance is not satisfactory because it is observed that there are procedural lacunae in its functioning in the SPFO.

20.4 After deliberations, the Board directed that the SPFO may go for a fresh bidding for an appointment of an Internal Auditor for the financial years 2012-2013 and 2013-2014, respectively.

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21. Additional points discussed with the permission to the Chair:

21.1 Shri Abdulgani Y. Serang raised the following issues;

21.1.1 Insistence on the Legal Heirship Report in a common format.

21.1.2 Rs. 50/- charged for the annual account slips from the seafarers.

21.2 In this regard, he had written a letter to the SPFO to put up these points for discussion in the Board meeting. The position, on the above was explained by the SPFO that the proforma for 'Legal Heirship Report' is insisted upon the SPFO because a detailed report of the family members is obtained from the District Collector(s) concerned. The same reports are considered while arriving at sums payable, and for the payment of the Provident Fund dues in the cases of deceased seafarers. Where reports are not received in that proforma, it leads to confusion and difficulties in determining the legal heirship for payment of the Provident Fund amount(s) concerned.

21.3 On the second issue i.e. Rs. 50/- charged by the SPFO for account slips, it was explained by the SPFO that this is a service charge imposed by the SPFO for the additional annual account slips required by the seafarers. The explanation given by the SPFO was found satisfactory and Board decided to maintain the status-quo.

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The meeting ended with a vote of thanks to the chair.

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MINUTES OF THE 121ST MEETING OF THE BOARD OF TRUSTEES OF THE SEAMEN'S PROVIDENT FUND ORGANIZATION (SPFO), MUMBAI, HELD AT 3.00 PM ON FRIDAY, THE 1ST MARCH, 2013.

The followings were present in the Board :-

Shri Gautam Chatterjee, IAS	:	Chairman.
Shri B. Krishnamoorthi	:	Member.
Shri C. Rethinadhas	:	Member
Capt. N.A. Hiranandani	:	Member
Shri Anil Baran Das	:	Member
Shri B.K. Patel	:	Member
Shri Abdulgani Y. Serang	:	Member
Capt. S.C. Sood	:	Member
Shri Maruti D. Rethrekar	:	Member.
Ms. Mahua Sarkar	:	Secretary.

The Chairman welcomed all the Trustees present in the meeting and requested the Secretary to brief the Members on the Agenda Items. A small presentation on SPFO was presented to the Horible Chairman by the Commissioner, SPFO. The Chairman appreciated the functioning of the SPFO and directed that more improvements towards the payment of seafarers should be made. He also directed that a checklist should be provided to the

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applicants along with Final Withdrawal / Non- Refundable Withdrawal applications which must be checked at the receiving stage in all respect and there should be no query thereafter while processing the application. He also suggested that seaman should be paid within 7-10 working days from the date of receipt of the application. The Organization should make necessary changes in its working procedures to meet this target.

2. Shri Abdulgani Y. Serang and Shri Anil Baran Das also stated that a copy of checklist may be provided to their Unions for ensuring the accuracy of the seafarer's application at their level.

3. The Agenda Items were discussed thereafter.

Agenda Item No. 01 :- Confirmation of the minutes of the 120th meeting of the Board of Trustees, Seamen's Provident Fund Organization, held on 30/08/2012.

1.1. The Minutes of 120th Meeting held on 30/08/2012 was confirmed without any modification.

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Agenda Item No. 02 :- Action Taken Report.

(A) Pertaining to action points that had emerged in the 115th meeting held on 23/07/2010 :-

Sr. No. of Agenda	Subject	Reported Action Taken / Further Development.	Further Discussion.
7 & 8	Termination of Contract awarded to M/s. IDBI capital Market services Ltd. and appointment of new Port Folio manager.	All the securities of the BOI has been transferred to SBI's D' mat/ CSGL Account. The procedure for transferring the securities from IDBI Bank to CSGL Account is under progress. A final letter is issued to them and it is expected to complete within a month.	A copy of Resolution passed by the Board for transferring of security from IDBI Bank Ltd. to the State Bank of India, Port Folio manager is required by the Reserve Bank of India (RBI). The Board resolved that it may be signed by the

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			Commissioner of SPFO and one of the Trustee as required.
Table Paper 10	Progress report of modification / alteration of SPF Accounting System with observations (Digitization of old records of SPFO).	The calling of quotation was re-floated vide letter No. 919 / Admn. /2012 dated 24/12/2012 from various firms, and put up on SPFO website also. In response to the above, five firms have sent their quotations	Board to be informed of further action.

(B) Pertaining to action points that had emerged in the 118th meeting held on 10/08/2011. 8-

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Sr. No. of Agenda	Subject	Reported Action Taken / Further Development.	Further Discussion.
11	Payment of honorarium to a staff member of SPFO.	C-DAC has informed that the third party testing in case of verification of the requirements delivery is not their field of work. They have suggested that we may approach Standardization Testing and Quality Certification (STQC) Directorate, Department of Electronic & Information Technology who do have lab in mumbai and have supported	(i) The matter was discussed regarding honorarium payment to Shri M. M. Barthwal, Deputy superintendent who is looking after the work of system administration. The Board decided that the honorarium payment will be continued till the post is filled up. (ii) The Hon'ble Chairman asked about the purpose of checking of source code by third party. Shri Abdulgani

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		similar activity in their number of projects. Further, they have intimated that they are presently pre-occupied and have no spare resources to complete the task till March, 2013.	Y. Serang explained the position stating that the source code should be checked by third party and come to know whether system can be operated by the other software developer or not. In the past several occasions certain modifications were required in the system and it is carried out by M/s. SBN Technologics Pvt. Ltd. who is the developer of software. The Chairman suggested that verification of

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			source code would be required only when the Organization needs to develop a new program/ system. At present, since the present system is already developed and in use, the need for verification is not required at present. Therefore, the present arrangement of AMC of software should be continued.
Table Paper No. 2	Position of Outstanding Damages.	A letter dated 11/12/2012 was sent to the Registrar of companies to furnish the correct address of M/s. Prospect Shipping Pvt. Ltd. However, an	Noted.

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		E-mail dated 02/12/09 was received from INSA / MASSA stated that they are unable to give the details of M/s. Prospect Shipping Pvt. Ltd. Reply of ROC is awaited. Reminder letter No. 246/1263/0688/771/2012-2013 was issued on 28/01/13.	

(C) Pertaining to Action Points emerged in 119th meeting held on 31/01/2012 :-

Sr. No. of Agenda.	Subject	Reported Action Taken / Further Development.	Further Discussion
6	Changes suggested in SPF Act / Scheme on the basis of EPF Act / Scheme.	A separate Agenda Item is placed before the Board.	Discussed in detail as an Agenda Item No. 5.

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Table Paper 1	Order No. 37 of 29/09/2010 - Shri Brojen Chandra Dey - Vs. The Commissioner, Seamen's Provident Fund Organization, Mumbai.	The case was brought up on 16/01/2013 and the defendant has filed reply. Next date of hearing is fixed for 18/07/2013.	Noted.
Table Paper 7	Installation of Tally package Accounting system	Feeding in Tally System has been completed up to December, 2012	Noted.

(D) Pertaining to Action Points emerged in 120th meeting held on 30/08/2012.

Sr. No. of Agenda	Subject	Reported Action Taken / Further Development.	Further Discussion.
3	Audit Committee's Observations on the Internal Auditor's report for the period 01/07/2011 - 30/09/2011, as	A separate Agenda Item is placed before Board.	Discussed in detail as an Agenda Item No. 3.

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	received from M/s. Batliboi & Purohit, Chartered Accountants and Internal Auditor of the SPFO, Mumbai.		
4.	Annual Accounts for the financial year 2011-2012.	Audit certificate has been received from Office of the Principal Director of Commercial Audit and Ex-Officio Member Audit Board - I, Mumbai vide letter No. GA/SAR/c Pro F/2011-12 dated 12/12/2012. Printed Annual Account with C & AG certificate dispatched to the ministry of shipping on 17/12/2012 to be placed before both the Houses of Parliament in Winter Session.	Shri B. Krishnamoorthi Deputy Secretary (MA), stated that it will be laid down in both the Houses of Parliament in Budget Session The delay in putting up the Report and Accounts was due to delay in CAG Audits and certificate thereof.

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5.	Annual Report on the working of the Seamen's Provident Fund Scheme, 1966, for the fiscal 2011-2012:	Annual Report for the financial year 2011-2012 have been printed and dis-patched to the ministry on 17/12/2012 to be placed before both the Houses of Parliament in the Winter Session.	Shri B. Krishnamoorthi, Deputy Secre-tary (MA), stated that it will be laid down in both the Houses of Parliament in Budget session.
7.	Fixation of rate of interest for credit to the members account for the financial year 2012-2013.	A letter No. 148/0005 /2012 dated 27/11/12 has been issued to the ministry of Shipping, Govt of India for approval of rate of interest for the financial year 2012-2013 @ 8.75% p.a. Approval is awaited. Reminder letter is being sent.	A letter No. G-20017/2/2013-MTT dated 06/02/13 is received from the ministry and members were informed that the rate of interest for the seamen members is approved @ 8.75% per annum for the financial year 2012-13 by the Government.

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8	Actuarial Valuation of Pension and gratuity for the staff of the SPFO.	A sum of Rs. 35 lakhs has been transferred during the financial year 2012-13.	Capt. N. A. Hiranandani observed that a sum of Rs. 35 lakhs have been transferred in Pension & ~~Annuity~~ Gratuity Fund Account and the same amount is proposed to transfer in next Financial Year. He explained that the total actuarial valuation of Pension & Gratuity Fund for staff members of SPFO is Rs. 4.81 crores as on 31/09/2011 whereas a total amount balance in Pension & Gratuity Fund Account is only Rs. 1.67 crores. Therefore, near about Rs. 3 crores shortfall is required to strengthen the fund. He also stated the Board needs to find a solution on this issue.

Capt. N. A. Hiranandani also stated that the shipping industry is not ready to increase the Administrative charges in current scenario. However, there should be some provision to run the SPFO and suggested that atleast a transfer of Rs. 50 lakhs from Forfeiture Account to Pension & Gratuity Fund Account of SPFO, for tide over. The Board agreed on the issue and

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			approved the transfer of ₹0.50 lakhs from Forfeiture Account to Pension & Gratuity Fund Account of SPFO during the financial year 2013-14.
9.	Payments to "Krupanidhi" Society for payments of arrears of rent to the Mumbai Port Trust (MbPT).	A separate Agenda Item placed before Board.	Discussed in detail as an Agenda Item No. 10. Decision taken.
10	Delay in payment of provident Fund contributions, levy of damages and delay in receiving Seamen's Provident Fund statement - reg.	Users ID's and Passwords for web server has been printed. Annual Account slips are being dispatched, along with.	Shri Abdulgami Y. serang asked about the status of dispatch of the Annual Account slips to the member seamen. It was informed that the same has been dispatched. The Board noted the position.

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13 (for an information)	E-Banking	A separate agenda (for an information) is placed before the Board.	Discussed in detail as an Agenda Item No. 13 (For an information).
14 (for an information)	Status of Court Cases.	A separate Agenda Item (for an information) placed before Board.	Discussed in detail as an Agenda Item No. 14 (For an information).
15 (for an information)	Clearance of un-posted items.	A separate Agenda Item (for an information) placed before Board.	Discussed in detail as an Agenda Item No. 15 (For an information).
16 (for an information)	Filling up of vacancies in Group-C posts by an appointment through direct recruitment.	As per Board's decision, two contractual Accounts Assistant have been engaged through the placement agency, M/s. GA Digital Web World (P) Ltd.	Position noted by the Board.
17 (for an information)	Contributory Annuity scheme for Seafarers.	A letter No. ST-15018/4/2010-MT dated 19/12/2012	The Chairman enquired about the latest position in

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received from the Ministry to call an Officer who is well verse with the matter for discussion. The date for discussion is fixed on 16/01/2013. Shri Surendra Kumar, Administrative-cum-Accounts Officer has attended the discussion on the issue held in the Chamber of Joint Secretary (P) along with Dy. Secretary (MM) and Under Secretary, Shri P. Sasikumar. After prolonged discussion, the JS (P) come to know about the Law Ministry's observations that there is no enabling provision in the SPF Act to start the Annuity Scheme

the Ministry from Shri B. KrishnaMoorthi, Deputy Secretary (MM), ministry of Shipping. Shri B. KrishnaMoorthi stated that he would enquire in the matter with the ministry and inform the latest position. The Chairman deliberated on the issue and stated that once there is no enabling provision in the Seamen's Provident Fund Act to introduce Pension Annuity scheme to the seafarers, it may not be necessary to seek a directive from the Government to start the Pension Annuity scheme for the seafarers. The Chairman enquired about the total accumulated balance in Pension Annuity

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for the Seafarers. However, it was decided that the separate unit may be established to start the Annuity Scheme for the Seafarers with the Govt. directives. It was also assured that a directive/letter will be issued to SPFO for detail proposal to establish a separate unit for annuity scheme. A letter from the ministry is awaited.

Fund, and it was explained that a sum of Rs. 366 crores is available for the Pension Annuity Scheme for seafarers. Shri Abdulgami Y. Serang informed that this is a long pending demand from the seafarers' side and the Hon'ble Minister of Shipping has also announced the introduction of a Pension Annuity Scheme for the seafarers on the Seafarer's Day celebration on 26/06/2011. The Chairman suggested that if the amount is being received by virtue of a bilateral agreement between seafarers

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and employers, then the Pension Annuity scheme may be started by the SPFO Board on its own without the need for ministry's directive. It was decided that LIC may be called for presentation of Pension Annuity Scheme for seafarers.

The Secretary explained that due to acute shortage of man power and lack of infrastructure, it would be difficult to implement the Pension Annuity Scheme for 35,000 seafarers. She also explained that the SPFO receives Administration Charges only on the Provident

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Fund Contributions of seafarers and the employers. However, the SPFO has been managing the Pension Annuity Fund also as per the direction issued by the Board of Trustees of SPFO, earlier, without the required financial aid.

The Chairman stated that necessary man power and infra-structure would be required to implement the new Scheme, and agreed, with the suggestion by the Commissioner, SPFO.

Capt. N. A. Hiranandani and Capt. S. C. Sood stated that presently it is not possible for Shipping Company to pay any Administration Charges on the Pension Annuity

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			Fund. It was therefore, decided that a supplementary budget for requirement of man power as well as infrastructure is to be prepared and put up to the next Board meeting for decision. It was also discussed that the amount of expenditure towards the implemention of Pension Annuity Scheme for seafarers may be adjusted from the Pension Annuity fund itself to ensure the implementation on self financing method.
18. (for an information)	Illegitimate provident fund deposit on arbitrary basis by manning agents/companies	A separate Agenda Item placed before Board. However, the said Circular has	Discussed in detail as an Agenda Item No. 8. Noted by Board.

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		of foreign flag been withdrawn. vessel.	
20. (for an information)	Appointment of an Internal Auditor.	A separate Agenda Item (for an information) is placed before Board.	Discussed in detail as an Agenda Item No. 16 (For an information).

Agenda Item No. 03 :- Audit Committee's observations on the Internal Auditor's report for the period 01/04/2012 to 30/06/2012 and 01/07/2012 to 30/09/2012 as received from M/s. Batliboi & Purohit, Chartered Accountants and Internal Auditor of the SPFO, Mumbai.

3.1. This matter was discussed in the meeting and the Chairman enquired from the Audit Committee's Members if there is any serious audit observations in the Internal Audit Report. It was explained to the Chairman by the Audit Committee's Members that the Internal Audit Report is of routine nature and no serious anomalies have been reported.

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Agenda Item No.4 :- Revised Estimates for the Financial Year 2012-2013 and Budget Estimates for the Financial Year 2013-2014.

4.1 Secretary explained the Receipts & Expenditure during the financial Year 2012-13 and Budget Estimates for the Financial Year 2013-14. The Board observed that the saving of Rs. 26 lakhs in Revised Estimates for the Financial Year 2012-13 is due to vacant post of regular Commissioner and non-recruitment of 5 posts of Junior Assistants including 1 Hindi Translator. If these posts are filled up, then there would be no savings and budget may go in deficit budget.

4.2 Capt. N. A. Hiranandani observed that a sum of Rs. 35 lakhs have been transferred in Pension & Gratuity Fund Account and the same amount is proposed to be transferred in next financial year. He observed that the total liability towards actuarial valuation of Pension & Gratuity Fund for staff members of SPFO is Rs. 4.81 crores as on 31/03/2011 whereas a total amount balance in Pension & Gratuity Fund Account is only Rs. 1.67

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crores. Therefore, a huge shortfall between the liability and balance fund.

4.3 Secretary explained to the Board that the Finance Sub Committee had recommended for transfer a sum of Rs. 50 lakhs from Forfeiture Account to Pension & Gratuity Account in the Financial Year 2013-14.

4.4. Shri C. Rethinadhas enquired about the rules provision for expenditure of money of Rs. 50 lakhs from Forfeiture Account. He also asked the secretary whether this would be ~~one~~ a one time transfer or of Rs. 50 lakhs from Forfeiture Account.

4.5 The Secretary explained that the Finance Sub Committee has taken decision that this is a one time transfer of Rs. 50 lakhs to strengthen the fund in some extent. She also stated that if the Shipping Companies conditions are improved in near future, the Administration charges may be increased and some more amount can be spared from the Administrative Account for transferring to the Pension & Gratuity Fund Account. Presently, SPFO is transferring Rs. 35 lakhs per annum on ad-hoc

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